

Meeting	<b>CABINET</b>
Time/Day/Date	5.00 pm on Tuesday, 12 December 2017
Location	Board Room, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

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

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

## AGENDA

Item	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. DECLARATION OF INTERESTS</b>	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
<b>3. PUBLIC QUESTION AND ANSWER SESSION</b>	
<b>4. MINUTES</b>	
Minutes of the meeting held on 14 November 2017	<b>3 - 10</b>
<b>5. DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY</b>	
Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>11 - 16</b>
<b>6. GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET PROPOSALS 2018/19</b>	
Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>17 - 26</b>



- 7. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2018/19**
- Report of the Chief Executive **27 - 38**  
Presented by the Corporate Portfolio Holder
- 8. CAPITAL PROGRAMMES - GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2017/18 AND PROGRAMMES 2018/19 TO 2022/23**
- Report of the Chief Executive **39 - 60**  
Presented by the Corporate Portfolio Holder
- 9. FORMER TENANT RENT ARREARS, CURRENT TENANT RENT ARREARS, COUNCIL TAX, NON DOMESTIC RATES AND SUNDRY DEBTOR WRITE OFFS**
- Report of the Director of Housing **61 - 66**  
Presented by the Corporate Portfolio Holder
- 10. EXCLUSION OF PRESS AND PUBLIC**
- The officers consider that the press and public should be excluded during consideration of the following items in accordance with Section 100(a) of the Local Government Act 1972 as publicity would be likely to result in disclosure of exempt or confidential information.
- 11. CONTRACT AWARD FOR THE DELIVERY OF SUSTAINABLE ENERGY IMPROVEMENT TO COUNCIL HOMES**
- Report of the Director of Housing **67 - 74**  
Presented by the Housing Portfolio Holder

Circulation:

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

MINUTES of a meeting of the CABINET held in the Board Room, Council Offices, Coalville on TUESDAY, 14 NOVEMBER 2017

Present: Councillor R Blunt (Chairman)

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

In Attendance: Councillors R Adams, J Clarke, J G Coxon, D Everitt, G Hault, R Johnson, J Legrys, S Sheahan and M Specht

Officers: Ms T Ashe, T Galloway, Mrs C Hammond, Mr G Jones, Mrs B Smith and Miss E Warhurst

## **62. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor T J Pendleton.

## **63. DECLARATION OF INTERESTS**

In accordance with the Code of Conduct, Members declared the following interests:

Councillor N J Rushton declared a non-pecuniary interest in item 5 - Leicester & Leicestershire Authorities' Joint Strategic Growth Plan: Draft for Consultation, as the Leader of Leicestershire County Council with responsibility for Joint Strategic Planning.

## **64. PUBLIC QUESTION AND ANSWER SESSION**

There were no questions received.

## **65. MINUTES**

Consideration was given to the minutes of the meeting held on 1 November 2017.

It was moved by Councillor R Blunt, seconded by Councillor A V Smith and

RESOLVED THAT:

The minutes of the meeting held on 1 November 2017 be approved and signed as a correct record.

**Reason for decision:** To comply with the Constitution.

## **66. LEICESTER & LEICESTERSHIRE AUTHORITIES' JOINT STRATEGIC GROWTH PLAN: DRAFT FOR CONSULTATION**

The Leader presented the report to Members. He informed Members that he had received a question from a Councillor in relation to the item. He stated that as the purpose of the report was to agree the consultation and that there would be opportunity for the authority to discuss and agree its own comments during the process, it was anticipated that reports would be taken to Policy Development Group, Cabinet and then Council and felt it would be the appropriate place to discuss the issues raised in relation to the rail infrastructure.

He advised Members that the draft Joint Strategic Growth Plan had been prepared by the Leicester and Leicestershire authorities and it took into account the known strategic infrastructure aspirations including the Midlands connect. He highlighted that the plan projected the known housing needs from the HEDNA to cover the period of 2031 and 2050 and that the strategy sought to re-balance growth away from the current trend of

adding hundreds of houses onto existing settlements and instead focussed homes in new strategic locations. The locations were one south of the county near Hinckley, one close to the city and one in the north of the county to complement the thousands of new jobs that were being created around East Midlands Airport and the Roxhill scheme.

He reminded Members that growth would happen so the strategy sought to manage the growth and to secure strategic infrastructure as a result, and stated that the draft strategy had been endorsed for consultation by the Leicester and Leicestershire Members' Advisory Group and that the consultation would run for twelve weeks from the 8 January 2018.

It was moved by Councillor R Blunt, seconded by Councillor A V Smith and

RESOLVED THAT:

1. The process which had been undertaken in the preparation of a Draft Strategic Growth Plan for Leicester and Leicestershire be noted and endorsed;
2. Cabinet noted that the consultation draft plan had been endorsed by the Members' Advisory Group (MAG) which oversees the preparation of the plan;
3. The consultation process and timetable be approved; and
4. A further report be brought back to Cabinet to consider the consultation responses with a view to Cabinet recommending approval of the final version of the plan to Council.

**Reason for decision:** To demonstrate support for the collaborative working that has taken place across the seven Districts/Borough Councils, Leicestershire County Council, Leicester City Council and the Leicester & Leicestershire Enterprise Partnership, To note that MAG has been engaged in and supports the proposed document, To ensure that all partners are in support of the process and that it is consistent across the County, and that all residents and stakeholders have an opportunity to make comments on the proposals; and To ensure that there is an opportunity to scrutinise the final version of the plan before it is agreed.

**67. LEICESTER & LEICESTERSHIRE AUTHORITIES' JOINT STATEMENT OF CO-OPERATION RELATING TO OBJECTIVELY ASSESSED NEED FOR HOUSING**

The Leader presented the report to Members.

He advised Members that the Localism Act 2011 introduced the Duty to Cooperate which was a legal test, which tested whether the Local Authority which was submitting its Local Plan had co-operated effectively, actively and on an on-going basis. He informed Cabinet that when the Council submitted its Local Plan to the Secretary of State the previous year a joint statement of cooperation was signed with all the neighbouring authorities within Leicestershire.

He stated that Melton had submitted its Local Plan to the Secretary of State and others were hot on their heels. He asked Members to endorse the updated Joint Statement to reflect the HEDNA in particular.

It was moved by Councillor R Blunt, seconded by Councillor A V Smith and

RESOLVED THAT:

The Leicestershire and Leicestershire Authorities' Joint Statement of Co-operation relating to Objectively Assessed Need for Housing be endorsed.

**Reason for decision:** To comply with the Duty to Co-operate

## **68. DIGITAL TRANSFORMATION PROGRAMME**

The Corporate Portfolio Holder presented the report to Members.

He stated that the report sought Cabinet's support for the Council's ongoing digital transformation programme which aimed to improve customer services to the residents of the District, especially the on line offer and that by modernising the authority's approach to customer delivery and allowing more customer transactions to be delivered on line, the following benefits will be delivered:

- Customers can access services 24/7, and are not constrained by office opening hours
- More efficient processes can be conducted on line without the need for more laborious paper based systems or face to face / telephone transactions e.g. the table in 1.5 describes how much easier it will be for a resident to book a bulky waste collection
- Information on our customers can be collected more easily to enable services to be tailored to meet their needs
- Front line customer services staff will be freed up to help our more vulnerable customers who sometimes need more time

He advised Members that a dedicated project team had been set up, and in partnership with the Council's ICT provider, Firmstep, the authority would shortly be piloting an expanded on line service in Waste and Environmental Services. He informed Members that in order to deliver the initial phase of the programme, it was recommended that funds of £197k were allocated, although it should be noted that as more and more customer transactions take place on line, long term savings would be delivered as outlined in 1.5 (f).

Councillor N J Rushton stated that the digital transformation programme was one of the first initiatives to be delivered under the Council's Customer First Programme which was currently under development, and would put customers at the heart of everything the Council did and improving the offer to customers meant taking full advantage of what on line technology could deliver in the present day market place. He commended the digital transformation programme which would see the Council deliver customer services in a more flexible, accessible and efficient manner which would meet the expectations of the residents in the modern age.

Councillor R D Bayliss stated that he could do nothing but support the programme however he sought reassurances that residents of the district, which included many tenants that were not digitally minded received the support that they required.

Councillor N J Rushton stated that the residents that were not digitally competent would get the support as the programme would free up officer time to provide the support as required.

It was moved by Councillor N J Rushton, seconded by Councillor R D Bayliss and

**RESOLVED THAT:**

1. The aims and process of the Digital Transformation Programme be approved.
2. The allocated funds of £197k from reserves to ensure delivery of the initial phase of the programme be approved.
3. Further updates would be brought to Cabinet as the programme progresses be noted.
4. Additional funds would be required to ensure that the Council is fully digitised as far as is practicable, to ensure it keeps up with customer trends and expectations in being a flexible, efficient, effective and modern organisation, and reports would be brought to Cabinet as required for future phases be noted.

**Reason for decision:** To ensure Members are aware of the programme's details, progress, timescales and costs. And to obtain support from Members for the programme and its objectives.

## 69. 2017/18 QUARTER 2 PERFORMANCE MANAGEMENT REPORT

The Leader presented the report to Members.

He advised Members that the key focus for the authority was the Customer First Programme which had seen officers working to develop the strategy that would be presented to Members over the next few months and that staff workshops had been held to look at the current service delivery to identify workstreams to enhance and improve the service to customers. He highlighted the following improvements in the performance of the customer service team over the last two quarters:

- The Council had implemented a number of quick wins which were put in place to help reduce the call waiting time for customers.
- There had been a 16% increase in the number of calls answered compared to the same time the previous year achieving target of 74.4% over both quarters.
- There was also an improvement in call waiting times with the average being 1 minute 19 seconds that was from an average of 2 minutes 27 seconds at the same time the previous year.

He highlighted that the Council was still below target but it was a step in the right direction ensuring that customers were at the heart of everything that the authority did, adding that it was too long in the waiting but the journey had been started.

Councillor R Blunt provided Members with the following highlights from the Quarter:-

- The Planning Inspector had issued his final report in respect of the Local Plan and that it would then be considered at Council on 21 November 2017. Advising Members that it was no mean feat and was pleased that a credible plan was going forward for consideration.
- Following the 'call for sites' exercise in July and August, officers were assessing the employment sites received and identifying any potential additional sites for inclusion in the final Employment Land Availability Assessment report. The project was still on track for completion in Q3.
- The Green Shoots grant had been a great success with the purchase of 68,000 bulbs to be planted in the district. The free tree scheme had exceeded expectations again and there was currently 16,000 trees on order and they would be delivered in Q3.

Councillor T Gillard stated that he had received a number of positive comments about the improvements in Coalville especially concerning the nightlife which was particularly busy. He also acknowledged and thanked all the staff that had worked on the Remembrance Day Parade especially the Cultural Services Officer which was a great success. He highlighted that the Business Focus Team had continued to work hard as mentioned in the report.

Councillor R D Bayliss was pleased to advise Members that the average re-let times, which had been concerning in the past, was not exceeding the target and he congratulated officers on their hard work. He stated that the back log of repairs had been actioned and that officers were now working on the current work.

Councillor N J Rushton advised Members that the general forecast surplus outturn was due to increase to £1.196m from a budget of £934K which was mainly due to the an increase in business rate collection, which had increased by £534k more. He stated that the surplus would have been more however there had been a few adverse events including an increase on the Leisure Services deficit. He was highlighted that more money had been spent on Planning Enforcement but this was in relation to Public Protection. He informed Members that the special expenses budget was still in tolerance and that the HRA budget was forecasting an outturn of £257k against a budget of £142k which was mainly due to an increase in rental income.

Councillor A V Smith advised Members that the 16,000 trees had arrived and where being delivered. She informed Members that there were two unhappy faces in her area which were the Leisure Centre Membership income and usage levels and was hoping that it was related to the holiday period and customers were not around to make use of the facilities but advised Members that she would be keeping an eye on the figures over the next quarter.

It was moved by Councillor R Blunt, seconded by Councillor T Gillard and

RESOLVED THAT:

The Quarter 2 Performance Report (July - Sept 2017) be received and noted.

**Reason for decision:** The report is provided for members to effectively monitor the organisation's performance.

## **70. MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY**

The Community Services Portfolio Holder presented the report to Members.

She thanked the Members of the Working Party as they continued to press for a positive change in Coalville.

She informed Members that the Coalville by the Sea event in August had again been successful and was attended by around 1,000 local people adding her thanks to the event sponsor. She highlighted the work towards the Christmas Lights Switch on and the improved arrangements for the lights that were to be out in place. She acknowledged the Remembrance events that had been held at the weekend and it again had been a fantastic event, thanking the many volunteers that had helped to keep the public safe and ensure the events went smoothly. She added that she was looked forward to seeing the plans that the working party had for the commemorative artwork for the next year's commemorative event.

She noted the work on the mobile vehicle activated signs and concerns raised to Leicestershire County Council in relation to the replacement of damaged signs.

She advised that the Chief Executive was keen for the Council to work towards the Green Flag award for both Coalville and Ashby parks and Members of the working party were very supportive of the proposals. It was noted that Coalville Park had suffered from vandalism and the Green Flag would help develop a framework to assist in prevention and protection of the park

It was moved by Councillor A V Smith, seconded by Councillor T Gillard and

RESOLVED THAT:

The recommendations made by the Coalville Special Expenses Working Party as detailed within the minutes be noted and the recommendations as summarised at 3.0 be approved.

**Reason for Decision:** To progress Coalville Special Expenses projects and programmes.

## 71. EXCLUSION OF PRESS AND PUBLIC

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

**Reason for decision:** To enable the consideration of exempt information.

## 72. LAND SALE - COALVILLE

The Corporate Portfolio Holder presented the report to Members.

He updated Members on the progress of the work and the results of the drop in sessions that had been held. He outlined to Members the next steps of the process that included the submission of an application for outline planning permission.

Councillor R Blunt reminded Members that the sale of the land would ensure that the leisure project would move forward and that Council would be able to set an example with a good quality development design on land that the authority owned.

It was moved by Councillor N J Rushton, seconded by Councillor R Blunt and

RESOLVED THAT:

1. The results of the communications and engagement exercise be noted.
2. The submission of an application for outline planning consent be approved.

**Reason for decision:** Cabinet approval is sought to submit an application for outline planning permission.

## 73. ASSET MANAGEMENT - LONDON ROAD CAR PARK AND STENSON SQUARE

The Corporate Portfolio Holder presented the report to Members.



He advised Members that the decision at the Cabinet meeting in July had been called in and considered by Policy Development Group. He informed Cabinet that following the recommendation from the group that Cabinet reconsidered its decision the report before them asked Cabinet to undo its previous decision.

He acknowledged Councillors for calling in the decision and that active scrutiny of the decision ensured that the best outcome for Coalville could be delivered.

Councillor R Blunt stated that the Cabinet had to be brave and take the first step but Member scrutiny had proved that it may not have been the right step at that time.

It was moved by Councillor N J Rushton, seconded by Councillor R Blunt and

**RESOLVED THAT:**

1. The decisions made at the Cabinet meeting on 25 July 2017 with regard to Asset Management – London Road Car Park be reconsidered.
2. All recommendations approved with regard to Asset Management – London Road Car Park, with the exception of the recommendation to consider the contents of the report be withdrawn.
3. Authority be delegated to the Director of Housing to continue discussions to identify a suitable site for development in Coalville with the aim of securing the best possible outcome for the Council and the people of Coalville.

**Reason for decision:** Cabinet is required to consider the results of the call-in and determine the next steps.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.27 pm

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 12 DECEMBER 2017**

Title of report	<b>DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY</b>
Key Decision	a) Financial No b) Community No
Contacts	Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a>  Chief Executive 01530 454500 <a href="mailto:bev.smith@nwleicestershire.gov.uk">bev.smith@nwleicestershire.gov.uk</a>  Financial Planning Team Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a>
Purpose of report	To provide Cabinet with the background to current issues to be evaluated as part of the Council's Medium Term Financial Strategy
Reason for Decision	Requirement of the budget setting process
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications:	
Financial/Staff	As contained in the report.
Link to relevant CAT	None identified.
Risk Management	As contained within the report.
Equalities Impact Screening	None identified.
Human Rights	None identified.
Transformational Government	Not applicable
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As report author the report is satisfactory

Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team , 14 November 2017
Background papers	<a href="#">MTFS 2017 - 2020</a>
Recommendations	<b>CABINET IS RECOMMENDED TO NOTE THE FINANCIAL ISSUES FACING THE COUNCIL TO BE ADDRESSED THROUGH THE MEDIUM TERM FINANCIAL STRATEGY, DUE FOR APPROVAL BY CABINET AND COUNCIL IN FEBRUARY 2018</b>

## 1.0 INTRODUCTION

- 1.1 This report provides members with an outline of the current financial issues facing the Council to be addressed through development of the Medium Term Financial Strategy, and the new approach of this strategy in promoting self-sufficiency and sustaining growth.
- 1.2 The Strategy will present a high level assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the following 10 years from April 2018 and will be presented to Cabinet and Council in February alongside the Council's 2018/19 budget for approval.
- 1.3 The Council's existing Medium Term Financial Strategy 2017 – 2020, was produced in October 2016. The document forecast the financial position of the Council's General Fund and Housing Revenue Account between 2017 and 2020. At this time, the HRA was forecast to deliver a balanced budget for this period, whilst the General Fund forecast included a predicted deficit of £372k in the 2019/20 year.

## 2.0 FUNDING AND FUTURE UNCERTAINTIES

- 2.1 The main sources of funding available to finance revenue expenditure (other than locally generated income such as planning or recycling income) are business rates, Council tax and government grants. For North West Leicestershire, the 2017/18 budgeted value of funding is as follows:

Revenue Support Grant	£572,000
New Homes Bonus	£2,840,000
Council Tax	£4,958,000
Transfer from Collection Fund	£285,000
Business Rates	£3,850,000
<b>Total Funding</b>	<b>£12,505,000</b>

- 2.2 In February 2016, the Council signed up to the Government's 4 year settlement for the period 2016/17 – 2019/20. The four year settlement was implemented to provide Local Government with greater certainty in respect of funding as funding reforms continue to progress to make councils more self-sufficient.

- 2.3 The Government has recently announced some detail regarding the shape of its Fair Funding Review and the date for implementation which is now delayed until 2020-21. The review determines the starting position of funding for local authorities based on an assessment of the relative level of needs and resources of all councils across England. The outcome of the review will determine the level of Revenue Support Grant and business rate tariffs and levies chargeable against locally collected business rate income.
- 2.4 The outcome of the Fair Funding Review will likely not be published until shortly before the provisional settlement at the end of 2019, which will create some pressure in respect of financial planning, should the outcome of the review be different to what the Council anticipates.
- 2.5 As part of the four year settlement, confirmation was received that the level of Revenue Support Grant would reduce to £235k in 2018/19 before being phased out entirely by 2019/20. Until such time that the Fair Funding review is completed and implemented, the future projections in respect of RSG include a contribution into the system from the Council. Our future medium term financial planning must take account of this negative contribution.
- 2.6 Under the current arrangements district councils are allocated 40% of increases and decreases in Business Rates. 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 the baseline. The Council benefits from generating business rate income well above this baseline, meaning that a greater proportion of income is retained by the Authority and within Leicestershire through its contribution to the LLEP via the Leicester and Leicestershire Business Rates pool. The baseline will be reviewed as part of the Fair Funding review. The impact of the baseline being reset
- 2.7 The Government has previously announced that it intends for local authorities as a sector to retain 100% of business rates in exchange for taking on the full risks and rewards of the business base in the area and additional responsibilities from central government. The date originally announced for this transition was 2020, however, firm details have not yet been announced.
- 2.8 Currently, the Government is piloting 100% retention in several areas of England and in September 2017 announced that they were seeking to carry out another set of pilots in 2018/19. The Council, along with all counterparties in respect of Business Rates in Leicester and Leicestershire, entered a bid to undertake in a 1 year pilot. If successful, financial modelling undertaken by the Leicestershire Treasurer's Association (LTA) indicates that around £18.9m could be retained and shared across Leicestershire to be invested in Infrastructure and housing growth, town centre enhancements and financial sustainability. At the time of writing this report it is unknown as to whether the bid has been successful, however it is anticipated that the outcome of the process will be announced by the Department for Communities and Local Government in early December. If we are successful, the financial implications will be laid out in the provisional and final local government funding settlement announcements in December and February respectively. However it is important to note that under the proposed bid, the Council will be no worse off than it would have been was it not part of the pilot, and therefore the draft budgetary estimate as detailed within this report in respect of business rates income would not move adversely if the bid were successful.

- 2.9 Included within the Fair Funding review will be the resetting of the existing baseline. This baseline determines the level of business rates the Government expects a Local Authority to achieve, of which is then subject to a tariff or top up depending on its relative needs assessment. The impact of this is that if a Council benefits from business growth in its area after the setting of a baseline, the additional income is not subject to a tariff and instead subject to a levy, with special rules around levies if the authority is within a pool. As referred to in paragraph 4.6, the Council benefits from significant business rate growth above baseline. If plans go ahead to reset this baseline, the Council could see its business rate income drop by £1.7m per year from 2020/21.
- 2.10 New Homes Bonus (NHB) received is based on the average council tax band on each additional property built or on each long term empty property that is brought back into use. The funding is shared between district and county councils on an 80/20 ratio respectively. In April 2017 the Government introduced changes to the number of years for which the payments are made from 6 to 4. The Government has since consulted on further changes to the NHB scheme via the Local Government Finance Settlement Technical Consultation, proposing that which bonus payments are reduced for Local Authorities who make ineffective planning decisions. The consultation suggested two different mechanisms for this as well as seeking views on alternative mechanisms, however, since the outcome of this proposal will not be known until the announcement of the provisional settlement in mid-December, estimates for the 2018/19 year are based on the existing and known system.

### **3.0 LONG TERM PLANNING AND SELF SUFFICIENCY**

- 3.1 For 2018/19 and beyond, a new approach will encourage members to look beyond the current planning period, consider asset management via the incorporation of Capital into the plan and increase autonomy through commercial activity and, in turn, reduce the reliance on government grant.
- 3.2 The Medium Term Financial Plan will be considered in February each year alongside the budget for approval, and reviewed by members each July to compare outturn to forecasts. The Plan will project the financial position of the Council over a 10 year timeframe to enable members to plan longer term.
- 3.3 The Council currently budgets to receive Government grants to fund the running of its cost of services. Given the changing nature of Local Government finance, the uncertainty regarding Government funding and the Governments policy intentions regarding devolution, it is recommended that the Council seeks to remove its reliance upon Government grants in the future.
- 3.4 The Plan will therefore include 'Self Sufficiency' targets to reduce reliance on government grant. Specifically, a phased self-sufficiency target in respect of the New Homes Bonus grant will be built into the plan to safeguard the Council against the risk of the grant being reduced or the scheme being altered by Central Government in the future (see 2.10 above). This grant currently delivers £2.85m per year (at the 2017/18 level) and is included in the base budget to deliver the Council's ongoing services.
- 3.5 These self-sufficiency targets will ensure that the Council is able to make better use of Government grant in investing in initiatives to support local infrastructure and support

sustainable growth, in turn supporting the Council to achieve growth in council tax and business rates.

- 3.6 Any further shortfalls in funding will be identified through future savings targets and recommendations will be made to members in respect of remedial action to address these, including but not limited to the consideration of commercial approach.

This page is intentionally left blank



**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 12 DECEMBER 2017**

Title of report	<b>GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET PROPOSALS FOR 2018/19</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a>  Chief Executive 01530 454500 <a href="mailto:bev.smith@nwleicestershire.gov.uk">bev.smith@nwleicestershire.gov.uk</a>  Financial Planning Team Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a>
Purpose of report	For Cabinet to approve 2018/19 General Fund and Special Expenses revenue budget proposals for consultation.
Reason for Decision	Required to complete 2018/19 budget process.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	As contained in the report.  The budget is relevant to all Corporate Action Teams (CATs).  The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.  The requirement for equalities impact screening and assessments is being assessed during the consultations and details if required will be provided as part of the management responses.  None identified.  Not applicable
Comments of Head of Paid Service	Report is satisfactory

Comments of Deputy Section 151 Officer	As report author the report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team, 14 November 2017
Background papers	None.
Recommendations	<p><b>CABINET IS RECOMMENDED TO :</b></p> <ol style="list-style-type: none"> <li><b>1. AGREE THE 2018/19 BUDGET PROPOSALS FOR STATUTORY CONSULTATION.</b></li> <li><b>2. THAT THE ASSURANCE STATEMENT BY THE DEPUTY S151 OFFICER BE NOTED</b></li> </ol>

## 1.0 INTRODUCTION

- 1.1 This report seeks Cabinet approval to consult on the draft General Fund and Special Expenses budget proposals for 2018/19, with the outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget in February 2018.
- 1.2 Draft proposals for consultation have been prepared in the context of the continuation of the Governments four year settlement in respect of funding, alongside budget holders own projections in respect of expenditure budgets and locally generated income forecasts.
- 1.3 The draft budget position for 2018/19 therefore reflects current understanding in respect of Revenue Support Grant (RSG), New Homes Bonus and the level of business rates retained as part of the 4 year settlement offered by Central Government for the period 2016/17 to 2019/20. The Government is expected to announce the Provisional Local Government Finance Settlement around 15 December 2017, and refined estimates will be presented to Cabinet and Council as part of the final approval budget process on 6 and 27 February 2018 respectively.
- 1.4 A new approach to developing expenditure and locally generated income budgets has been taken for the 2018/19 year which has included a greater level of engagement with budget holders and a focus on more sophisticated estimates taken in order to reduce variance between budgeted and outturn position. This new approach has also projected the revenue position for 2019/20 to 2023/24 for indicative purposes only. This information will be presented to members as part of the final budget in February and to inform sound decision making and demonstrate the financial impact of decisions. The 5 year projections are also used to inform the Medium Term Financial Plan as part of the Council's Medium Term Financial Strategy.
- 1.5 Members will be aware that the decision to outsource the Council's Hermitage and Hood Park leisure centre facilities and creation of a new £20m facility was approved by Council on 21 November 2017. Whilst this decision does not impact the Council in 2018/19 above the level of projected project costs agreed (£500k allocated from reserves), the indicative 5

year revenue forecast and 5 year Capital programme will demonstrate the impact of this decision within those years, including the impact of borrowing costs, as per the assumptions of the project.

- 1.6 Under the existing 50% Business Rates retention system, the level of business rates to be retained by the Council is not ultimately confirmed until after the end of the financial year when the actual level of Business Rates is reported. This means that the Council is not able to accurately predict local business rates income until after the budget has been approved by Cabinet and Council in February. However, work to determine this figure will inform the budget presented and approved.
- 1.7 The Council, along with all counterparties in respect of Business Rates in Leicester and Leicestershire, entered a bid to undertake in a 1 year pilot of 100% business rate retention. If successful, financial modelling undertaken by the Leicestershire Treasurer's Association (LTA) indicates that around £18.9m could be retained and shared across Leicestershire to be invested in Infrastructure and housing growth, town centre enhancements and financial sustainability. At the time of writing this report it is unknown as to whether the bid has been successful, however it is anticipated that the outcome of the process will be announced by the Department for Communities and Local Government in early December. If we are successful, the financial implications will be laid out in the provisional and final local government funding settlement announcements in December and February respectively. However it is important to note that under the proposed bid, the Council will be no worse off than it would have been was it not part of the pilot, and therefore the draft budgetary estimate as detailed within this report in respect of business rates income would not move adversely if the bid were successful.
- 1.8 During 2017/18 a greater emphasis has been placed on robust financial management in forecasting the Council's financial position. The aim of this revised approach is to reduce variance between budgeted and outturn position and provide budget holders with the opportunity to plan varying revenue budgets over the medium term to release surplus expenditure budgets and ensure that financial resources are allocated in line with the Council's agreed priorities.
- 1.9 The approved 2018/19 budget will undergo regular monitoring and scrutiny during the financial year through quarterly performance monitoring, so that when they arise any variances can be identified at an early stage and remedial action taken to deal with them where necessary.

## **2.0 GENERAL FUND 2017/18 – PROJECTED OUTTURN**

- 2.1 The uncommitted balance on the General Fund is currently £2.4m.
- 2.2 The second quarter Performance Report considered by Cabinet in November presented outturn projections for the current year. A surplus of £1.196m is forecast compared to the original budget of £934k. This surplus will go into general reserves. The main reason for this is additional Business Rates income, offset by a number of adverse movements across service areas.
- 2.3 The General Fund forecast surplus outturn (as represented by the contribution to General Fund Balance) is £1.196m compared to a budget of £934k. Forecast income in respect of Business Rates has increased by £534k, due to changes in forecasts in respect of realised

business growth within the District. This has been offset by a number of adverse movements, which include: an increase in the net deficit of the Leisure centres (£98k); an increase in public protection planning enforcement advice (£18k); an increase in waste services staffing costs (£55k); overspends on salary costs with planning policy (£22k) and public protection (£16k); and a forecast reduction in CCTV income (£12k).

- 2.4 The forecast uncommitted balance on the General Fund at 31 March 2018 is therefore, a forecast surplus of £3.596m.

### **3.0 2018/19 NET REVENUE EXPENDITURE PROPOSALS**

- 3.1 The Councils net revenue expenditure position is affected by three main elements which include: the revenue expenditure in relation to the provision of services net of income generated through fees and charges and other income (including additional grants authorities apply for, which are not part of central government funding); and financing costs, broadly made up of investment income, interest charged in respect of loans and the minimum revenue provision charge made in respect of unsupported borrowing to fund capital expenditure.
- 3.2 For 2018/19, there has been an increase in net revenue expenditure of £1.45m, made up of a number of budgetary pressures (increased expenditure or reduced income) and savings (increased income or reduced expenditure). A summary of the proposals can be found in Appendix A.
- 3.3 A number of changes to the budget have been made in respect of Planning. An additional £120k (taking the total budget to £220k) has been set aside in the 2018/19 budget for the purposes of the first review of the Local Plan, following Secretary of State approval of the Local Plan in November 2017. In addition, the budget in respect of planning fee income has been reviewed and reduced by £100k to £1m for 2018/19 whilst the budget for legal advice and technical support in relation to planning appeals has increased from £150k to £200k to reflect the required budget.
- 3.4 In respect of our waste services, Members will recall that in September 2017, Leicestershire County Council awarded the contract for the treatment and disposal of dry recyclable material collected by the district Council following a competitive exercise in which the Council competed against private sector bidders. As a result of the change from 2017/18 recycling income forecasts have reduced from £782k to £436k for the 2018/19 year. The forecast is based on a prudent mid-range position of assessed forecasts of recycling tonnage and materials prices at 90% of those currently achieved. In addition, £20k has been set aside in the 2018/19 budget as a one year provision to cover the cost of undertaking route optimisation for the Council's waste service, to support the service to efficiently collect recyclable material across the growing District. Finally, income forecasts in respect of trade waste have increased favourably by £56k, reflecting the success of the commercial arm of the waste service.
- 3.5 The net deficit position of the leisure centres has increased by £132k, from £388k to £520k for the 2018/19 year. Of the main pressures, income forecasts have reduced by £30k for the 2018/19 year.
- 3.6 The budget in relation to Property Services has increased from £80k to £154k to reflect the additional costs of the service being managed in-house. A review of the interim

arrangements for the in-house service are currently underway and any cost savings identified will be picked up during Quarter 1 of 2018/19.

- 3.7 The ICT supplies and services budget has increased by £234k to reflect the increased cost of equipment maintenance (£90k) and the data centre (£156k) and licence renewals (£34k) offset by savings in respect of printer leases and charges (£16k) and telephones (£30k).
- 3.8 The budget in respect of benefits payments has increased by £21k to reflect an increase in rent rebates and modified schemes partly offset by a reduction in rent allowances and bed & breakfast.
- 3.9 The net financing costs relating to General Fund activities has reduced by £41k from £1.053m to £1.012m. This charge reflects the interest cost payable on loans and the estimated minimum revenue provision required to be set aside on General Fund capital programme expenditure. The budget in respect of investment income has also moved favourably, increasing from £76k to £108k to reflect the level of return currently generated from investments.
- 3.10 The budget for the Council's contribution to top up the capital funding received from central Government in respect of Disabled Facilities Grants has reduced from £143k to £50k as a result of confirmation that the level of grant award for 2017/18 and beyond meets anticipated levels of DFG expenditure.
- 3.11 A saving of £25k has been included in the budget following Cabinet's decision in January 2017 to continue the Local Council Tax Support Scheme for 2017/18, but then to have a phased reduction of 25% per year thereafter. This budget reflects the level of support for Town and Parish Councils. From April 2013 the Government abolished Council Tax Benefit and replaced it with locally determined Council Tax Support Discounts. Giving people discounts on their Council Tax reduces the Council Tax income which all the preceptors including Town and Parish Councils receive. The District and the major preceptors (County, Police and Fire & Rescue) receive Government grant which compensates, at least in part, for this loss of income. The Government does not provide this grant support to Town and Parish councils. Since the start of the new scheme this Council has given an element of its Council Tax Support Grant to Towns and Parishes to allow them to maintain their existing level of income. The budget for 2018/19 has therefore reduced by £25k to £143k
- 3.12 As a result of scrutinising historic expenditure budgets, a saving of £132k across a number of service areas has been identified. These budgets have previously been held to cover the costs of future liabilities arising as a result of legal challenge and appeal against planning decisions. The change in approach will see an allocation from existing unallocated earmarked reserves held as a provision for these potential future liabilities, so that the base budget reflects estimates in respect of anticipated liabilities only.
- 3.13 Increases in respect of staffing include a 1% pay award provision, incremental increases and the increase in respect of employer pension contributions total £675k, a further breakdown can be found in Appendix A.
- 3.14 A one off provision of £20k has been made for the implementation of a number of improvements identified through the review of the Annual Governance Statement, including the provision of training for members of the Audit and Governance Committee in fulfilling their roles in respect of financial management.

3.15 The net position in respect of budget increases and savings below a de-minimus level of £20k is a net increase of £43k. These changes are as a result of expenditure pressures and savings, and forecasts in respect of income.

#### **4.0 2018/19 FUNDING**

4.1 The main sources of funding available to finance revenue expenditure are locally retained business rates, Council tax and government grants.

4.2 The provision local government finance settlement is due to be announced in mid-December. In the absence of confirmation of the New Homes Bonus, Revenue Support Grant, tariff and levy charges against business rates to be retained by the Council, estimates are based on known information as detailed below.

4.3 For 2018/19 there is an estimated increase in total funding of £990k, subject to the local government finance settlement and further work required in respect of council tax and business rates estimates. A summary of the estimates for 2018/19, compared to the 2017/18 budget can be found in the Budget Summary for 2018/19, Appendix B.

4.4 Under the existing 50% Business Rates retention system, the level of business rates to be retained by the Council is not ultimately confirmed until after the end of the financial year when the actual level of Business Rates is reported. This means that the Council is not able to accurately predict the actual level of business rates likely to be collected during the following year until after the final budget has been approved at Council in February. In addition, it is difficult to forecast business growth, although the Council does have a good awareness of this and as a consequence is to be able to introduce some assumptions into budget predictions. The budgeted level of retained business rate income for 2018/19 is £4.6m has been estimated using the anticipated outturn for 2017/18 as at Quarter 2. This estimate does not currently include forecast growth likely to occur between this period and the end of the 2017/18 financial year, nor does it currently take account of the predicted growth in 2018/19. The Council will submit its projections of Business Rates for 2017/18 to the Government by the end of January 2018. The work in preparation for this may give us confidence to review the budget for this income before our final budget is presented for approval in February 2018.

4.5 The Council Tax Collection Fund is monitored throughout the year and the forecast income will be available from the fund towards next year's budget. The budget for 2018/19 has reduced by £7k from £285k to £278k.

4.6 The Council is not planning to increase the District's share of the Council Tax in 2018/19. This will be the ninth year without an increase. The budgeted level of Council tax income has increased by approximately £550k, from £4.96m for the 2017/18 year to £5.5m for the 2018/19 year. As is the case with business rates, work to identify and forecast growth across the district is underway and therefore the budget at this time reflects only the known council tax base as at October 2017 and current non-collection rate of 2%.

4.7 The level of New Homes Bonus for next year is determined by returns which have now been made to the Government. Notwithstanding the potential changes that might be made to the scheme in respect of planning decisions, the Council will receive £2.88m next year.

## **5.0 2018/19 DRAFT BUDGET POSITION**

- 5.1 Given the proposals in respect of net revenue expenditure and funding forecasts as detailed above, the predicted surplus and contribution to General Fund reserves 2018/19 is £568k. Subject to 2017/18 outturn the 2018/19 position will take the General Fund level of general reserves from £3.596m at 31 March 2018 to £4.164m at 31 March 2019. The draft Budget Summary for 2018/19 can be found in Appendix B.

## **6.0 SPECIAL EXPENSES**

- 6.1 The forecast outturn for 2017/18 in respect of Special Expenses budget is £486k at quarter 2 compared to a budget of £493k. Subject to this outturn, the balance brought forward will increase from £64k to £78k at 31 March 2018.
- 6.2 For 2018/19, the expenditure budget has increased by £20k as a result of service management increases (£12k), grounds maintenance increases (£5k) and events (£3k).
- 6.3 Until such time that the Council Tax Base is approved by Cabinet in January, the estimated position of Special Expenses balances cannot be detailed. This information will be presented as part of the final budget report approved by members in February 2018.

## **7.0 MEDIUM TERM FINANCIAL STRATEGY**

- 7.1 The Council's Medium Term Financial Strategy 2017 – 2020 (MTFS) was last refreshed in October 2016. For 2018/19 and beyond, a new approach is being taken with 10 year Medium Term Financial Plan presented to members in February each year alongside the budget for approval, and reviewed by members each July to compare outturn to forecasts. The new approach will aid members in planning for the medium term in respect of its General Fund, HRA and Capital Programme budgets, with any future savings targets estimated along with recommendations of remedial actions or commercial initiatives.
- 7.2 The MTFS will therefore be updated following announcement of the provisional local government settlement for 2018/19 and will be presented to Cabinet and Council in February alongside budgets for approval. In addition, the MTFS will provide likely scenarios to assess the impact of the outcome of the Fair Funding review (anticipated to take effect from 2020/21) and the 100% business rate retention scheme, alongside proposals increase the self-sufficiency of the Council by reducing the reliance on government grants in future years.

## **8.0 CONSULTATION**

- 8.1 The Council will undertake a consultation on the Council's maintained service levels, Council Tax freeze and the plans to reduce the level of grants to Town and Parish Councils for 2018/19. Consultation is required with the business community, through the North West Leicestershire Chamber of Commerce, in compliance with the Non-Domestic Ratepayers (Consultation) Regulations 1992. There will also be consultation with Staff, Unions and Town and Parish Councils.

- 8.2 The Policy Development Group will be asked for its comments on the specific budget proposals during the consultation period at its next meeting on 10 January 2018.
- 8.3 The Cabinet will receive details of the consultations at its meeting on 6 February 2018 where it will make its final budget recommendations for approval by Council on 27 February 2018.

## **9.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

- 9.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 9.2 The Deputy Section 151 Officer considers that the estimates which form the draft General Fund budget are robust and prudent, and the proposals are deliverable.
- 9.3 The Deputy Section 151 Officer also considers that the overall level of General Fund reserves is adequate.



**Expenditure Saving / Increase in Income**

<b>Title</b>	<b>Value</b>
Trade Waste Income	£56,000
Reduction in Net Financing Costs	£41,000
Increase in investment income	£32,000
Reduction in DFG contribution	£93,000
Reduction in Local Council Tax Support	£25,000
Removal of provisions with base budget	£132,000
<b>Total</b>	<b>£379,000</b>

**Increased Expenditure/ Reduction in Income**

<b>Title</b>	<b>Value</b>
Local Plan review costs	£120,000
Forecast reduction in Planning Income	£100,000
Planning appeals legal support	£50,000
Reduction in recycling income	£346,000
Waste services route optimisation	£20,000
Increase in Leisure centres net deficit	£132,000
Property services	£74,000
ICT supplies and services	£234,000
Benefits payments	£21,000
Staffing costs, including: <i>Incremental increases £123,000</i> <i>Pay Award £122,000</i> <i>Living Wage £5,000</i> <i>Pension increases £102,000</i> <i>Establishment changes implemented in 2017/18 but not previously budgeted for £254,000</i> <i>Other £69,000</i>	£675,000
Budget provision to support improvements identified through the Annual Governance Statement	£20,000
Other de-minimus changes (below £20k)	£43,000
<b>Total</b>	<b>£1,835,000</b>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2018/19

2017/18 Budget £	2017/18 Forecast Outturn @P6 £	Service	2018/19 Budget £
277,360	250,750	Chief Executive	275,820
395,020	434,700	Human Resources	397,420
653,320	675,560	Economic Development	717,370
7,750	8,120	Joint Strategic Planning	8,080
112,200	66,530	Director of Resources	112,310
2,467,140	2,324,880	Legal & Support Services	2,486,920
2,004,450	2,407,830	Finance	2,661,260
<b>5,917,240</b>	<b>6,168,370</b>	<b>Total Chief Executive's Department</b>	<b>6,659,180</b>
346,540	334,540	Director of Services	340,730
4,432,530	4,439,010	Community Services	5,007,190
482,940	499,950	Strategic Housing	478,980
300,440	337,510	Regeneration & Planning	486,880
<b>5,562,450</b>	<b>5,611,010</b>	<b>Total Director of Services</b>	<b>6,313,780</b>
10,090	39,730	Non Distributed - Revenue Expenditure on Surplus Assets	9,580
77,400	120,430	Non Distributed - Retirement Benefits	77,810
45,310	38,410	Corporate & Democratic Core	44,600
<b>11,612,490</b>	<b>11,977,950</b>	<b>NET COST OF SERVICES</b>	<b>13,104,950</b>
(1,187,020)	(1,231,840)	Net Recharges from General Fund	(1,246,010)
<b>10,425,470</b>	<b>10,746,110</b>	<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>11,858,940</b>
<b>CORPORATE ITEMS AND FINANCING</b>			
<b>Corporate Income and Expenditure</b>			
1,053,104	1,053,104	Net Financing Costs	1,011,970
(76,000)	(123,800)	Investment Income	(108,000)
167,821	167,821	Localisation of Council Tax Support Grant - Parish & Special Expenses	143,323
0	0	Various Chief Executive items	20,000
<b>11,570,395</b>	<b>11,843,235</b>	<b>NET REVENUE EXPENDITURE</b>	<b>12,926,233</b>
934,465	1,196,193	Contribution to Balances/Reserves	567,898
<b>12,504,860</b>	<b>13,039,428</b>	<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>13,494,131</b>
<b>Financed By</b>			
572,000	572,670	Formula Grant	235,000
2,840,452	2,840,452	New Homes Bonus	2,884,328
284,880	284,880	Transfer from Collection Fund	277,787
4,957,528	4,957,528	Council Tax	5,501,768
3,850,000	4,383,900	National Non-Domestic Rates Baseline	4,595,248
<b>12,504,860</b>	<b>13,039,430</b>	<b>TOTAL FUNDING AVAILABLE</b>	<b>13,494,131</b>
<b>SPECIAL EXPENSES</b>			
493,120	486,117	Community Services	513,370
<b>493,120</b>	<b>486,117</b>	<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>513,370</b>
<b>Financed By</b>			
(5,722)	(5,820)	Use of Reserves	21,433
435,339	424,192	Council Tax	424,192
65,503	67,745	Localisation of Council Tax Support Grant	67,745
<b>495,120</b>	<b>486,117</b>		<b>513,370</b>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## CABINET – 12 DECEMBER 2017

Title of report	<b>HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2018/19</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Councillor Roger Bayliss 01530 411055 <a href="mailto:roger.bayliss@nwleicestershire.gov.uk">roger.bayliss@nwleicestershire.gov.uk</a></p> <p>Chief Executive 01530 454500 <a href="mailto:Bev.smith@nwleicestershire.gov.uk">Bev.smith@nwleicestershire.gov.uk</a></p> <p>Director of Housing 01530 454819 <a href="mailto:glyn.jones@nwleicestershire.gov.uk">glyn.jones@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager and Deputy Section 151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	To seek approval of the draft 2018/19 Housing Revenue Account (HRA) Budget proposals for consultation.
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2018/19.
Council Priorities	The HRA budget assists the Value for Money priority.
Implications:	
Financial/Staff	As included in report.
Link to relevant CAT	Delivering a HRA Budget for 2018/19 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.
Risk Management	The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.

Equalities Impact Screening	None identified.
Human Rights	None identified.
Transformational Government	Not applicable
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, the report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team (CLT), 14 November 2017
Background papers	None
Recommendations	<p><b>A. THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER BE NOTED,</b></p> <p><b>B. THAT CABINET APPROVE THE DRAFT HRA BUDGET PROPOSAL, INCLUDING THE 1% RENT DECREASE, AS DETAILED IN THIS REPORT AND ASSOCIATED APPENDICES FOR CONSULTATION</b></p>

## 1.0 INTRODUCTION

- 1.1 This report seeks Cabinet approval to consult on the draft HRA budget proposals for 2018/19, with the outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget.
- 1.2 The formal consultation process with customers adheres to the same consultation timetable as the General Fund and will commence on 14 December 2017 and end on 12 January 2018 in readiness for Cabinet and Full Council approval of final proposals on 6 and 27 February 2018 respectively.
- 1.3 Draft proposals for consultation have been prepared in the context of the continuation of four years of 1% per annum rent reductions from 2016/17 in accordance with the Work and Welfare Reform Act 2016. The impact of that rent reduction was fully incorporated into the 2016/17 HRA Budget and long term business plan. The Government has announced that from 2020 rent increases will be limited to 1% above CPI, which provides more certainty for medium term financial planning. However, ongoing inflationary pressures, coupled with the ongoing 1% rent reductions, will certainly present financial challenges to the Housing service going forward.

## **2.0 2017/18 BUDGET POSITION**

- 2.1 The budgeted outturn position for 2017/18 was a £142k surplus. The overall forecast for the current year at period 6 shows £256k surplus. This is largely as a result of a saving in Council Tax, resulting from fewer empty properties, together with savings against salaries budgets as a consequence of unfilled vacancies in one service area where restructuring proposals are pending.
- 2.2 As a result of this the balance on the Housing Revenue Account at 31 March 2018 is estimated to be £9.17m. 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 continue to be transferred to a savings reserve for the purposes of repaying these loan commitments.

## **3.0 2018/19 BUDGET OVERVIEW**

- 3.1 Budget proposals are based on prices and levels of charges for Council Housing related services at September 2017 plus other known increases, for example contractual uplift obligations.
- 3.2 The process of determining the 2018/19 budget includes the capturing of all of the changes required from one budget year to the next within the HRA in the form of a budget “investment” – a request for more funding or a reduction in income collected, or a budget “saving” – an increase in income or a budget saving via reduced expenditure.
- 3.3 The budget investment and budget saving proposals for the 2018/19 budget are shown within Appendix B.
- 3.4 In relation to the proposed sale of higher value empty homes, a provision of £1.0m originally included in the 2017/18 capital programme will be revised to nil. There has been no clear guidance from DCLG, but the general view from the housing sector is that the policy will not be implemented. To accommodate the inclusion of the expenditure within the capital programme, capital receipts income from asset disposals had also been included. For consistency, this has been reduced in line with the removal of the expenditure requirement.
- 3.4 For 2018/19, the level of revenue contribution to capital outlay (RCCO) is proposed to decrease from £3.0 m to zero. This is largely as a result of variations in the investment needs of the improvement programme and re-profiling the new build programme
- 3.5 The draft budget for 2018/19 is estimated to produce an operating surplus / deficit of zero, after making the RCCO and a contribution of £3.0m on the debt repayment reserve, which will take total estimated HRA balances at 31 March 2019 to £12.2m. The HRA working balance will remain at £1m and the remaining £11.2m will be held in the debt repayment reserve.
- 3.6 In the years following 2018/19, the future predicted amounts that the HRA is able to contribute to the debt repayment reserve, subject to further revisions via the annual budget setting process are as follows:

- 2019/20 - £2.6m
- 2020/21 - £2.7m
- 2021/22 - £0.0m
- 2022/23 - £0.0m

Further contributions can be sustained within the business plan to build up the reserve in later years to support the repayment of maturing loans.

#### **4.0 2018/19 BUDGET – RENTS**

- 4.1 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. On the introduction of that guidance the former rent restructuring policy ceased, with the exception of re-letting properties at the converged rent level ('target rent') on re-let.
- 4.2 As part of the 2015/16 budget, Cabinet agreed to adopt an accelerated convergence approach that increased 2014/15 rents following the guidance of CPI + 1%, but 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 by existing tenants.
- 4.3 However, at the end of October 2017, only 58% of properties were at their target rent, a much lower percentage compared to the vast majority of local authorities.
- 4.4 The Work and Welfare Reform Act 2016 required rents to be reduced by 1% below their 2015/16 levels, with the exception of those for supported housing. An exemption was granted for supported housing and those rents were increased by CPI + 1%. However, the Secretary of State for Work and Pensions announced on 15 September 2016 that the 1% rent reduction would apply for supported housing for 2017/18 and the following two years.
- 4.5 The formula for determining rents is based on 1999 values of the Council Housing stock, which were assessed retrospectively a number of years ago. There is an opportunity to carry out a revaluation of the housing stock and recalculate the formula rents. A review is currently being undertaken to determine the financial impact on rents, which will be the subject of a separate report to Cabinet at a later date.
- 4.6 The level of rent loss due to void properties target included in the budgeted rental income is 1%, a reduction from 1.5% assumed in the previous year.
- 4.7 As a result of the 1% rent reduction for 2018/19, lower property numbers due to RTB sales but some offsetting through the effects of the new build and acquisitions programme, net budgeted rental income is £80k less than budgeted in 2017/18.
- 4.8 The HRA business plan currently has a core assumption that future rents will increase by 1.5% (notwithstanding the four year 1% rent reductions from 2016). Recently, the Government has announced that from 2020/21, when the four year rent reduction period ends, increases to social rents will be limited to CPI + 1%. This has no impact on the budget for the next two years but clearly helps to provide a degree of certainty for longer term business planning, and is likely to have a net positive effect going forward from 2020/21 compared to the current assumptions. However, over the 30 year business plan period additional efficiencies and further savings will still need to be identified.

- 4.9 A number of accounting and budget estimate amendments have been made from 2017/18, which is set out in Appendix B. The most significant of those are a saving of £87k in rent loss and a further £60k in Council Tax charges from reducing the void rate; on the other hand the 1% decrease in rents will reduce rent income by £172k.

## **5.0 SERVICE CHARGES, FEES AND OTHER CHARGES**

- 5.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting, maintenance of communal areas and the older persons service charge. Service charges are covered by Housing Benefit and will be eligible for Universal Credit payments, whilst all other fees and charges are not.
- 5.2 For 2018/19 average weekly service charges are proposed to be increased by 1.08%.
- 5.3 Central heating charges are proposed to be maintained at existing levels, based on forecast energy prices anticipated for 2018/19.
- 5.4 Garage rent levels are proposed to rise by 3.9% which is in line with the Retail Prices Index (RPI) as at September 2017.
- 5.5 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by RPI of 3.9% on the anniversary of each individual rent agreement in 2018/19.
- 5.6 It is proposed that Lifeline Charges are increased by RPI of 3.9% from April 2018 for East Midlands Housing as per the contract, but held at 2017/18 levels for private customers, following the introduction of the new service and in order to foster customer retention and growth.
- 5.7 Most shop leases are proposed to rise by 14% as agreed by Cabinet in November 2014 as part of the process of gradually moving all of them to a market rent.
- 5.8 A table detailing each charge increase can be found in Appendix C.

## **6.0 HRA BUSINESS PLAN**

- 6.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan. As detailed in 2.2 and 3.6 above, existing balances and future annual surpluses will be transferred to the debt repayment 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 D for a schedule of HRA loans.
- 6.2 The inclusion of the new build programme and the inclusion of negotiated gifted units from developers provides some improvement in the overall business plan viability. However, given the current forecasts for the rental income stream, it is not possible to achieve a positive cash flow in future over a 30 year period where borrowing is required to finance new development for affordable rent (and no HCA funding or other subsidy is available).

- 6.3 In order to deal with significant sums in loans that mature later during the business plan period, further savings, additional income or refinancing will be needed to address potential shortfalls of £14.8m in 2041/42 and a further £34.6m by the end of the 30 year period in 2047/48.
- 6.4 It should be noted that the projected level of savings requirement is very sensitive to the level of future rent increases, which is difficult to predict given the uncertainty in the medium to long term of future inflation rates and changes in central government rents policy. Therefore, as these potential liabilities fall 25 years plus hence, there are several other variables that could change over the intervening period, and the recurring option to refinance at an appropriate juncture is available, it is not considered necessary to draw up detailed plans at the moment to address the highlighted sums.
- 6.5 There is no requirement for a revenue contribution to capital outlay (RCCO) for 2018/19. Future amounts are forecast to be required in order to support the capital programme, including new build proposals, as follows:

**RCCO**

- 2019/20 - £0.0m
- 2020/21 - £0.0m
- 2021/22 - £0.3m
- 2022/23 - £2.9m

It is important to note however that there is limited scope to make RCCOs in the early years of the Business Plan due to the need to build up loan reserve capacity to repay maturity loans falling due in 2021/22.

## **7.0 CONSULTATION PROCESS**

- 7.1 The contents and appendices of this report will be used to consult with Council tenants on the proposals for the 2018/19 Housing Revenue Account budget.
- 7.2 This will include consulting with tenant members of the Performance and Finance Working Group (the Council's Resident Involvement technical finance working group) and the Tenants and Leaseholders Consultation Forum (the Council's main consultative body of tenants) to review and comment on the proposals.
- 7.3 In addition, the contents and appendices of this report will be published on the Council's Housing internet page and available in hard copy format upon request.
- 7.4 The report will be presented to the Policy Development Group on 10 January 2018.
- 7.5 A copy of the consultation timetable can be found in Appendix E.

## **8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

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



- 8.2 Taking into account identified risks, the Deputy Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2018/19 are robust and prudent, and the proposals are deliverable.
- 8.3 The Deputy Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.

**APPENDIX A**

LINE NO.	DETAIL	2017/2018		2018/2019
		Budget £	Forecast (p6) £	Estimate £
	<b>HOUSING REVENUE ACCOUNT</b>			
1.	TOTAL REPAIRS & MAINTENANCE	5,354,970	5,408,410	5,460,160
	<b>SUPERVISION &amp; MANAGEMENT</b>			
2.	General	2,190,720	2,032,960	2,139,920
3.	Special / Supporting People	502,030	527,250	521,330
4.		2,692,750	2,560,210	2,661,250
5.	PROVISION -DOUBTFUL DEBTS	125,000	125,000	100,000
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	3,139,190	3,139,190	3,139,190
8.	Debt Management Expenses	1,390	1,390	1,210
9.		3,140,580	3,140,580	3,140,400
10.	TOTAL EXPENDITURE	11,313,300	11,234,200	11,361,810
11.	RENT INCOME			
12.	Dwellings	17,109,960	17,183,500	17,029,440
13.	Service Charges	519,460	469,830	512,295
14.	Garages & Sites	85,630	69,910	72,640
15.	Other	21,380	21,320	20,030
16.	TOTAL INCOME	17,736,430	17,744,560	17,634,405
17.	NET COST OF SERVICES	-6,423,130	-6,510,360	6,272,595
18.	CAPITAL FINANCING - HISTORICAL DEBT	125,000	125,000	125,000
19.	CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
20.	INVESTMENT INCOME	-43,860	-71,310	-62,000
21.	PREMATURE LOAN REDEMPTION PREMIUMS	7,060	7,060	7,060
22.		3,345,370	3,317,920	3,327,330
23.	NET OPERATING EXPENDITURE	-3,077,760	-3,192,440	-2,945,365
24.	REVENUE CONTRIBUTION TO CAPITAL	2,986,380	2,986,380	0
25.	DEPRECIATION CREDIT - VEHICLES	-50,730	-50,730	-50,730
26.		2,935,650	2,935,650	-50,730
27.	NET (SURPLUS) / DEFICIT	-142,110	-256,790	-2,996,095
	<b>HRA BALANCES</b>			
28.	Balance Brought Forward	-1,000,000	-1,000,000	-1,000,000
29.	(Surplus)/Deficit for Year	-142,110	-256,790	-2,996,095
30.	Transfer to Loan Repayment Reserve	142,110	256,790	2,996,095
31.	HRA General Balance as at year end	-1,000,000	-1,000,000	-1,000,000
32.	Loan Repayment Reserve balance	-8,054,344	-8,169,024	-11,165,119

**APPENDIX B**

**Saving / Increase in Income**

Ref	Team	Savings Bid Title	Value	RAG
SAV1	Housing Management	Reduction in Under Occupation Incentive payments due to decreasing demand.	£30,000	G
SAV2	Housing Management	Reduction in Council Tax charges for empty properties due to a significant fall in empty homes numbers.	£60,000	G
SAV3	Asset Management	Reduction in responsive & maintenance costs as a result of right to buy sales.	£11,805	G
SAV5	Housing Management	Legal and Professional fees	£5,000	G
SAV18	Asset Management	Lift maintenance budget reduced based on re-assessed requirement.	£13,275	G
SAV19	HRA Business Support	Tenants Insurance Premium Receipts	£5,000	G
SAV22	Asset Management	Smoke detector servicing budget reduced based on re-assessed requirement.	£15,000	G
SAV23	Asset Management	Mechanical air extraction budget reduced based on re-assessed requirement.	£15,000	G
SAV24	Asset Management	Budget for replacement of double glazed units decreased as the window replacement programme reduces demand	£27,000	G
SAV25	HRA	Annual void rate reduced from 1.5% to 1%	£87,000	G
SAV36	Housing Management	Provision of CCTV for Cropston Drive	£5,000	G
SAV38	Housing Management	Additional lifeline equipment needs to meet new demand lower than for 2017/18	£10,000	G
SAV39	Housing Management	Additional Income from Safe & Well Growth Plan	£9,735	G
SAV40	HRA	Reduction in Bad Debt Provision	£25,000	G
De-min SAV	De-minimis (up to £5k)	Equipment Leasing (SAV7) -£2,000; Other Miscellaneous Expenses (SAV9) -£4,000; Professional Fees (SAV10) -£1,000; Stationery (SAV12) -£2,000; Training (SAV13) -£500; Miscellaneous Expenses (SAV15) -£500; Other Printing (SAV16) -£3,000; Adaptations (SAV21) -£3,500; Housing Needs Survey (SAV26) -£2,000; Lifelines (EMA) (SAV35) -£1,520; Annual Increase in Garages and Garage Sites (SAV34) -£2,985	£23,005	G
<b>Total</b>			<b>£341,820</b>	

35

**Investment / Reduction in Income**

Ref	Team	Investments Bid Title	Value	RAG
BI11	HRA Business Support	Insurance Tenants Contents Premium proportion passed to Marsh	£5,000	G
BI14	Housing Management	Assistive Technology Officer part time to full time post (February 2018 onwards)	£6,380	G
BI19	Asset Management	Supervisor for Capital Works	£40,000	G
BI22	HRA	Establishment of Local Housing Company	£30,000	G
BI28	Housing Management	Water Charges	£5,000	G
BI4	Asset Management	1% IRT Salary Increase	£12,520	G
BI5	HRA	Rent decrease 1%	£171,920	G
BI7	Asset Management	Annual contract increases for Sure Group, Domestic Energy Assessor Group, Capita Openhousing	£19,106	G
BI8	HRA	1% pay award for staff	£19,662	G
De-min BI	De-minimis (below £5k)	Tenant Scrutiny Panel Events (BI20) £250; Additional IRT Operatives Telephones (BI23) £2,000; Additional IRT Operatives Miscellaneous Expenses (BI25) £2,000; Additional IRT Operatives Operational Equipment (BI27) £4,000; TPAS Annual Subscription (BI9) £770	£9,020	G
<b>Total</b>			<b>£318,608</b>	

**APPENDIX C**

<b>COMPARISON OF 2017/18 AND 2018/19 HOUSING CHARGES</b>							
	<b>2017/18</b>		<b>2018/19</b>				
<b>Chargeable Service</b>	<b>Actual 2017/18</b>	<b>Charge</b>	<b>Estimates 2018/19</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>	<b>Charge</b>	<b>Basis of Increase</b>
Service Charges	£510,288	Varies per property	£512,295	£2,007	0.39%	Largest weekly increase value:£2.26; Largest weekly decrease value: £1.55	Based on assessment of all chargeable services.
Central Heating	£84,550	0 Bed: £7.75pw, 1 Bed: £9.34pw, 2 Bed: £10.72pw, 3 Bed: £12.32pw	£84,550	£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 increases in utility costs during 2017/18 and 2018/19.
Garage & Garage Site Rent	£76,500	Garage: £6.43pw Site: £4.12pw	£79,484	£2,984	3.90%	Garage: £6.68pw Site: £4.28pw	September 2017 RPI increase in line with previous years
Appleby Magna Caravan Site Rent	£15,907	Site: £31.19pw	£16,455	£548	3.90%	Site: £33.23pw	September 2017 RPI increase at anniversary date of each licence in line with previous years.
Shop Leases	£16,302	n/a	£18,584	£2,282	14.00%	Varies by location	14% increase based on Nov 14 Cabinet Report
Tenants Contents Insurance	£51,299	Premiums from £0.44 to £6.70pw	£51,961	£662	1.29% average for all current policy holders	Premiums from £0.36 to £7.41pw	Increase in IPT from 9% to 12.5%, but total budget less as no of customers had reduced
Lifelines for private customers	£103,330	£3.95 pw basic, £5.95 pw enhanced	£103,330	£0	0.00%	£3.95 pw basic, £5.95 pw enhanced	No change to weekly charge proposed for 2018/19 due to recent introduction of Safe & Well
Lifelines (East Midlands Housing Association)	£38,973	Various depending on scheme	£40,493	£1,520	3.90%	Scheme dependent, but average increase from £2.88 to £2.99 pw	September 2017 RPI increase in line with previous years
Choice Based Lettings Advertising Costs	£22,000	n/a	£22,000	-	0.00%	n/a	No increase proposed.
<b>Total Services</b>	<b>£919,149</b>		<b>£929,152</b>	<b>£10,003</b>	<b>1.08%</b>		

**NWLDC Housing Revenue Account Loan Schedule**

**NWLDC - HRA Self Financing loans taken up 26/03/12**  
**PAYMENT PROFILE - PRINCIPAL AND INTEREST**

<b>Loan Type</b>	<b>Principal</b>	<b>Loan Period (Years)</b>	<b>Interest Rate</b>
Maturity (2042)	10,000,000	30	3.5
Annuity	10,000,000	20	2.57
Maturity (2022)	10,000,000	10	2.4
Maturity (2022)	3,000,000	10	2.4
Annuity	10,000,000	15	2.02
Maturity (2037)	10,000,000	25	3.44
Maturity (2042)	13,785,000	30	3.5
Maturity (2042)	10,000,000	30	3.5
	<b>76,785,000</b>		

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

### Consultation and approval of HRA 2018/19 Budget Timetable

Date	Item	Information
27 November	Budget considerations and headlines	Members of Tenants and Leaseholder Consultation Forum
13 December 2017 to 12 January 2018	Consultation with customers	Consultation with: <ul style="list-style-type: none"> <li>• All customers via NWLDC website</li> <li>• Tenant members of the Performance and Finance Working Group (14 December 2017)</li> </ul>
10 January 2018	Policy Development Group	Opportunity for Members to consider proposals prior to agreement of final budget by Cabinet & Council
29 January 2018	Tenant and Leaseholders Consultation Forum	Draft budget consideration
6 February 2018	Cabinet Meeting	Approval of recommendations to Council
27 February 2018	Council	Approval of Budget

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 12 DECEMBER 2017**

Title of Report	<b>CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2017/18 AND PROGRAMMES 2018/19 TO 2022/23</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Councillor Roger Bayliss 01530 411055 <a href="mailto:roger.bayliss@nwleicestershire.gov.uk">roger.bayliss@nwleicestershire.gov.uk</a></p> <p>Chief Executive 01530 454500 <a href="mailto:bev.smith@nwleicestershire.gov.uk">bev.smith@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of Report	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2017/18 for the General Fund, Special Expenses and the H.R.A.</p> <p>To seek approval to the Draft General Fund, Special Expenses and H.R.A Capital Programmes for 2018/19 and to note indications for future years and associated funding for consultation.</p>
Reason for Decision	To enable projects to be included in the Programmes for consultation.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.

Implications	
Financial / Staff	As contained in the report.
Links to relevant CAT	The Capital programmes are potentially relevant to all Corporate Action Teams (CATs).
Risk Management	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Equalities Impact Screening	No impact at this stage.
Human Rights	None identified.
Transformational Government	The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team, 14 November 2017 and Budget Holders
Background Papers	<u>2016/17 Capital Budget Report</u> – Cabinet 8 December 2015 <u>2017/18 Capital Budget Report</u> - Cabinet 13 December 2016
Recommendations	<p><b>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2017/18 AND PLANNED FINANCING BE NOTED.</b></p> <p><b>B. THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2018/19 DETAILED IN:</b></p> <ul style="list-style-type: none"> <li>• <b>APPENDIX “A” GENERAL FUND CAPITAL SCHEMES</b></li> <li>• <b>APPENDIX “B” SPECIAL EXPENSE CAPITAL SCHEMES</b></li> </ul>



	<ul style="list-style-type: none"> <li>• <b>APPENDIX “C” HRA CAPITAL SCHEMES AND IN 2019/20 THESE SCHEMES ONLY:</b></li> <li>• <b>£600,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPHS 3.7 TO 3.7.7</b></li> </ul> <p><b>C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES IN RESPECT OF VEHICLES, EQUIPMENT AND PLANT AND DELEGATES THE AUTHORITY TO AWARD THESE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS TO THE STRATEGIC DIRECTOR OF PLACE IN CONSULTATION WITH THE PORTFOLIO HOLDER, SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2018.</b></p>
--	--

## **1.0 INTRODUCTION**

- 1.1 By Regulation, all local authorities are required to have regard to the Prudential Code when setting their Capital Programmes. The core objectives of the Code are to ensure that Capital schemes are ‘Affordable, Prudent and Sustainable’. This is reviewed in conjunction with the Treasury Management Strategy Statement (TMSS) which contains indicators that evidence compliance with the Code.
- 1.2 The Prudential Code is currently under revision with a new release anticipated in December 2017. We are aware that one of the new requirements of the Code is that a Capital Strategy is to be presented to full Council concurrently with the Capital Programme. The Capital Strategy will therefore be presented to Cabinet and Council in February 2018 alongside the Capital Programmes due for approval.
- 1.3 As part of the process of effectively assessing property items for inclusion in the capital programme, the Council has collated a Planned Preventative Maintenance (PPM) Schedule that prioritises works based on a matrix scoring system. Items of a capital nature that are classed as priority 1 have been included in the capital programme in 2018/19, with other priority works scheduled in the following years to 2023.
- 1.4 To supplement the Capital Strategy and PPM, the Asset Management Strategy will be revised and presented to members for approval in due course, to ensure that all decision making surrounding the assets of the Authority has a sound basis.
- 1.5 Appendix “A” shows the proposed General Fund Capital Programme for 2018/19 to 2022/23.
- 1.6 Appendix “B” shows the proposed Special Expense Capital Programme for 2018/19 to 2022/23.
- 1.7 Appendix “C” shows the H.R.A. proposed Capital Programme for 2018/19 to 2022/23.

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

**2.0 GENERAL FUND - ESTIMATED OUTTURN 2017/18**

2.1 The projected outturn for 2017/18 on General Fund schemes totals £3,716,722. This is a managed increase of £645,801 on the original budget for the year of £3,070,921.

2.2 This managed increase is caused by the following:

<b>Schemes carried forward from 2016/17</b>	<b>£</b>	<b>£</b>
Improving Customer Experience (ICE)	36,661	
HR/Payroll System	23,334	
Desktop Equipment Upgrade	39,204	
User Workstation Replacement	(12)	
Helpdesk Software Upgrade	3,546	
Server and Storage Additional Capacity	7,551	
Replacement Telephone System	3,140	
ICT Infrastructure Scheme (Roadmap)	221,558	
Disabled Facilities Grant	150,735	
Sweeper – accelerated from 2018/19	(120,105)	
Miscellaneous Plant	59,260	
Access Road, High Street Car Park, Measham	25,000	
Belvoir Shopping Centre-Main Service Road, Coalville	10,296	
Silver Street Car park, Whitwick - resurfacing	10,055	
North Service Road Car park, Coalville	32,250	
Coalville Market Upgrade (Phase 2)	22,295	
Market Hall Wall	7,258	
Coalville Park – Reconfigure depot – replace building	95,000	
Replace HPLC Gym Air Conditioning	4,515	
Wellbeing Centre at HPLC	399,250	
Car Park – Ashby Health (Ashby Cultural Quarter)	362,133	
Car Parking Strategy – acceleration from 2018/19	(2,151)	
Indoor Cycles	14,315	
<b>Total</b>		<b>1,405,088</b>
<b>Additional Approved Schemes and Virements 2017/18</b>		
ICE Project – to revenue	(36,661)	
HR/Payroll System – further funding	10,000	
ICT Infrastructure Scheme (Roadmap) – to revenue	(106,239)	
Disabled Facility Grants Revenue contributions – to other revenue schemes	(450,000)	
Tractor	18,516	
Pool Hoist replacements	15,000	
<b>Total</b>		<b>(549,384)</b>
<b>Planned Slippage in 2017/18 carried forward to Later Years</b>		
Disabled Facilities Grant – Slippage into 2018/19	(139,264)	
North Service Road Car park – Slippage into 2018/19	(32,250)	
Council Offices Extension Car Park – Slippage into 2019/20	(20,000)	
<b>Total</b>		<b>(191,514)</b>

<b>Underspends Identified in 2017/18</b>		
Hermitage Rec Grounds AW Play Area Car Park	(7,500)	
Silver Street Car Park, Whitwick - Resurfacing	(9,175)	
Various small over/underspends identified	(1,714)	
<b>Total</b>		<b>(18,389)</b>
<b>Total Managed Increase</b>		<b>645,801</b>
<b>Total Managed Increase Funded by: (Net Position)</b>		
Revenue	2,500	
Value for Money Reserve	3,140	
Other Reserves	101,898	
Other Contributions	399,250	
Unsupported Borrowing - Internal	139,013	
<b>Total</b>		<b>645,801</b>

The total planned financing of the General Fund expenditure totalling £3,716,722 in 2017/18 is as follows:

	£
Disabled Facilities Grant	572,989
S106 Contributions	399,250
Revenue Contributions to Capital	20,520
Value for Money Reserve	3,140
Other Reserves	320,929
Unsupported Borrowing - Internal	2,399,894
<b>Total</b>	<b>3,716,722</b>

- 2.3 There were sufficient funds identified prior to this capital spend being committed.
- 2.4 The carried forward schemes shown in paragraph 2.2 above represents expenditure which was originally expected and budgeted for in 2016/17 but has slipped into 2017/18. The budgeted financing has also been carried forward.
- 3.0 GENERAL FUND CAPITAL PROGRAMME 2018/19 TO 2022/23 – INDIVIDUAL SCHEMES**
- 3.1 The programme for 2018/19 to 2022/23 is detailed in Appendix A. This programme provides for a continuation of the current Disabled Facilities Grants Scheme (£762,253 in 2018/19) and the Vehicle Replacement Programme.
- 3.2 Schemes shown as slippage from 2017/18 and carried forward to 2018/19 are detailed in the table in paragraph 2.2 above.
- 3.3 In addition, the following new schemes are included in the programmes for approval to commence in 2018/19:

### **3.4 Planned Preventative Maintenance schemes (£310,000)**

#### **3.4.1 Moira Furnace – Masonry and Drainage (£170,000)**

Moira Furnace is a listed Scheduled Monument. A recent condition survey identified that immediate remedial action including Masonry works and drainage were required. A report has been submitted to CLT. This item is provisional and subject to a separate report being submitted to Cabinet.

#### **3.4.2 Council Offices – Upgrade failing Fire Alarm System – (£30,000)**

The age of the existing fire alarm system is outdated with spare parts becoming obsolete. Recent failings during a false alarm have given strong indication a replacement is required.

#### **3.4.3 Council Offices – Lift Works – (£30,000)**

The lift relays have been identified as requiring urgent replacement to ensure that the lift remains in good working order. Further works to the lift is scheduled in later years.

#### **3.4.4 Castle Donington All Weather Pitches – Re-surfacing – (£30,000)**

Despite a regular maintenance regime, the All Weather pitches at Castle Donington College are reaching the end of their natural life. This has been exacerbated by a prevalence of mud on the carpet of both pitches which is making them unplayable most of the time. Professional advice has been sought which has stated no remedial work can be undertaken to permanently remove the mud due to weak seams as the carpet may then become unplayable and irreparable. Consequently the only option is to replace the carpets earlier than would have been anticipated. This will be a jointly funded project delivered in partnership with the school.

#### **3.4.5 Linden Way Depot – welfare Facilities (£50,000)**

Improvements to welfare facilities for operational and office staff at Linden Way to include new and improved showers, toilets and canteen facilities; and general functional improvements to the existing portacabin accommodations.

### **3.5 New Schemes for consideration (£930,000)**

#### **3.5.1 Server and Storage Additional Capacity (£68,000)**

Our current SAN (Storage Area Network) contract for maintenance is £32,000 a year, the equipment is also coming to end of life in 2 years' time. The replacement of the equipment including 5 years maintenance is £67,000 over 5 years. As opposed to £150,000 for the current equipment over 5 years.

#### **3.5.2 IDOX Platform (£30,000)**

IDOX is currently hosted internally on our infrastructure and ICT are responsible for the support and maintenance of the infrastructure. IDOX provides a hosted version of IDOX Uniform in their own data centre, which they manage and support including the licences, maintenance and updates on their own hardware. This ensures that the IDOX uniform platform is always updated, and running the latest version. The £30K is the professional services cost element to implement the move to a hosted IDOX and fully supported environment

- 3.5.3 User Screens – Bulk replacement (£25,000)  
The Council's screens are coming to the end of their economic life. A replacement and upgrading programme enables more efficient working and replacement of obsolete screens.
- 3.5.4 Finance System / Review (£450,000)  
This funding is provisional and for the purpose of the purchase and implementation of a new finance software system which hosts the general ledger and all financial activity of the Council. The decision to purchase a new system utilising this funding is subject to a separate report being submitted to Cabinet.
- 3.5.5 Linden Way Depot – Extension (£200,000)  
Amend existing planning permission to extend the Linden Way depot by approximately 2,000 square metres for the purpose of enabling adequate storage of material, waste containers and improve parking provision which will ensure sufficient parking as well as allowing for safe vehicle movements in and around the depot area. This item is provisional and subject to a separate report being submitted to Cabinet.
- 3.5.6 Linden Way Depot – Workshop Extension (90,000)  
Proposed extension to existing workshop to allow for maintenance to be carried out on longer refuse collection vehicles, including extending the two extension pits. This is essential to be able to carry out the necessary servicing, maintenance and repairs of larger refuse vehicles.
- 3.5.7 District Car Parks – LED Lighting Replacement (£25,000)  
To upgrade the external lighting installations in NWLDC's public car parks by the replacement of our traditional light fittings with up-to-date light fittings utilising LED (light emitting diode) technology. Traditional external light fittings are now being phased out widely, with major manufacturers planning to cease production of traditional fittings and lamp types. LED light fittings are more energy efficient than traditional types and will require less maintenance, resulting in lower energy consumption and lower running costs.
- 3.5.8 Replace Hood Park LC Outdoor Learner Pool boiler & Pipework – (£10,000)  
The outdoor learner pool boiler and associated pipework at HPLC is over 15 years old and in need of replacement. Whilst the current boiler is serviced regularly in accordance with legislation there can be no doubt that its replacement is now necessary. A new boiler would also be far more efficient with regards to utility consumption and also more effective at heating the pool water..
- 3.5.9 Hermitage LC – Water Pipework and Tank Upgrade – (£18,000)  
The cold water storage tank (potable) located in the loft space above the boiler room has a life expectancy of 35 years and was installed circa 1980 (William Saunders Condition Survey Aug 2010), Replacement of this tank along associated pipework is recommended due to age and the risk a leak would present due to its location.
- 3.5.10 Hermitage LC - Gym Air Conditioning – Replacement – (£14,000)  
Air conditioning units general life expectancy is 10-12 years dependant on their environment. The units within the gym are situated in an area of high use open for 17

hours a day, 7 days a week and were fitted in early 2001 (circa). New units would be more energy efficient and also improve the customer experience within the gym area.

### **3.6 Approved Schemes that require renewed approval (£120,250)**

#### **3.6.1 North Service Road Car Park, Coalville (£120,250)**

The original scheme for £32,250 was agreed by Cabinet in the capital programme for 2016/17. The slippage from this original budget is included in Table 2.2 above for 2018/19. An increase to this scheme of £88,000 is requested. This revised total allocation of £120,250 is to improve the appearance and function of the site rather than simply maintaining it as it is in its present form. The scheme will include improvements to the pedestrian footway and alterations such as the removal of the “D” shaped traffic islands.

### **3.7 Fleet Replacement Programme**

3.7.1 With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their useful economic life or if leased, their lease period when each of these vehicles are reviewed based on its age, condition, mileage or potential risk of major repairs (due to being out of warranty). A decision is made to replace the vehicle or to extend its life for a further period.

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

3.7.3 Due to service requirements, approval is sought to amend the 2018/19 fleet budget from £935,000 to £1,095,000; a net increase of £160,000. This increase consists of the addition of two vehicles, a recycling Collection vehicle - £165,000 and a 7 tonne tipper lorry - £35,000; the cost of a baler has been revised down from £80,000 to £50,000; the cost of the mowers have been revised down from £70,000 to £60,000.

3.7.4 The total fleet budget for 2018/19 is now as follows:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Original Budget £</b>	<b>Revised Budget £</b>
3 x Refuse/Recycling Collection Vehicles plus 1 New Recycling	485,000	650,000
14 x Housing Medium Vans	210,000	210,000
1 x Tipper 7.0 Tonne – new Vehicle for Grounds maintenance team	0	35,000
1 x Street Cleansing Box Lorry 7.5 Tonne	40,000	40,000
1 x Sweeper	50,000	50,000
1 x Baler	80,000	50,000
2 x Mowers	70,000	60,000
<b>TOTAL</b>	<b>935,000</b>	<b>1,095,000</b>

- 3.7.5 In order to progress with the 2019/20 purchases, approval is sought for the following vehicles:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Budget £</b>
2 x Refuse / Recycling Vehicles	425,000
2 x Vans	30,000
4 Medium Vans - Housing	80,000
2 x Mowers	65,000
<b>Total</b>	<b>600,000</b>

3.7.6 Waste, Street Cleansing and Grounds Maintenance Services; (£505,000)

The existing vehicles, including one refuse collection vehicle, one workshop van and two ride on mowers are to be replaced and an additional refuse vehicle purchased as part of the rolling vehicle replacement programme to ensure reliability and cost effectiveness of waste, street cleansing and grounds maintenance service delivery.

3.7.7 Medium Vehicles (£95,000)

Five further vans are to be replaced. These consist of four for housing and one for Environmental Health's Pest Control Section, as part of the rolling vehicle replacement programme. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

- 3.8 The General Fund Capital Programme (2018/19) will be funded by:

<b>Funding Stream</b>	<b>£</b>
Disabled Facilities Grants	572,989
Revenue Contribution	50,000
Reserves	194,264
Capital Receipts	30,000
Unsupported Borrowing - Internal	2,370,250
S106 Receipts	0
<b>Total</b>	<b>3,217,503</b>

**4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES**

- 4.1 There were no identified Special Expense capital schemes for 2017/18

- 4.2 The following new scheme is included to commence in 2018/19:

4.3 Owen Street Football Floodlights – (£50,000)

This scheme is provisional and subject to a report being submitted to the Coalville Working Party.

**5.0 H.R.A. CAPITAL PROGRAMME – 2018/19 - 2022/23 INDIVIDUAL SCHEMES**

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2018/19 to 2022/23.

5.2 Planned spend in 2018/19 and onwards mainly consists of:-

5.2.1 Home Improvement Programme (HIP)

The Council brought all of its homes up to the Decent Homes standard in 2014/15 and is forecast to spend £2.0m on maintaining decency in 2017/18. Each year will require further investment to ensure that 100% of homes remain at this minimum quality standard.

The Home Improvement Programme for 2018/19 will invest £2.8 million in improving tenants’ homes.

5.2.2 Other Planned Investment Programme (PIP)

In addition to delivering the Homes Improvement Programme, there are a wide range of other investments (of £0.8m) required to maintain and enhance tenants homes and associated services and assets, which are outside the government’s definition of Decent Homes works. This includes car parking improvements.

5.2.3 New Build/Affordable Housing Programme

The current programme comprises -

Former Cocked Hat site, Cropston Drive	-	up to 12 homes
Linford and Verdon Crescent, Coalville	-	17 new homes
Willesley estate, Ashby	-	7 homes
Sites under negotiation	-	<u>32 homes</u>
Total		<u>up to 68 homes</u>

The above schemes will see a total investment of £5.0m over the two years of 2017/18 and 2018/19, with a further £2.8m investment planned in 2019/20.

5.2.4 Other Schemes / Miscellaneous

There are various other schemes with brief notes in the Housing capital programme as per Appendix B.

In relation to the proposed sale of higher value empty homes, the £1m provision originally included in the 2017/18 capital programme will be revised to nil in the absence of further guidance from DCLG. To match this, the income target, which supported that commitment, has been reduced.

5.2.5 Future Funding

The long term HRA business plan continues to be based on 1% rent reductions from 2016 for four years and then, following recent guidance from the Government, at CPI plus 1% increases for five years, then reverting to CPI plus 0.5% for the remainder of the 30 year period the plan covers. The recent guidance on future rent increase levels provides greater certainty for the five-year period following rent reductions, and additional efficiencies will continue to be sought.

## 6.0 CAPITAL RESOURCES



6.1 The resources estimated to be needed to finance the **General Fund** programme 2018/19 to 2022/23 totals £29,779,409 and is as follows:

	£
2018/19	3,217,503
2019/20	14,280,489
2020/21	9,612,439
2021/22	1,760,989
2022/23	907,989
<b>Total</b>	<b>29,779,409</b>

6.2 Details of the planned funding of the programmes are included in Appendix A.

6.2.1 Funding is in place in 2018/19 for the Disabled Facilities Grants Scheme (£762,253) consisting of £572,989 Disabled Facilities Grants, £139,264 of reserves and £50,000 of revenue contribution.

6.2.2 The IDOX Platform, £30,000 and User Screen replacement, £25,000 are being funded from reserves.

6.2.3 For 2018/19, £30,000 of capital receipts from vehicles sold will be used to supplement the Fleet programme.

6.2.4 The remaining schemes (£2,370,250) can be funded by either leasing or borrowing depending on value for money and for which, provision has been made in the 2018/19 Revenue Budget.

6.3 The following resources are budgeted to be available for financing the **Housing Revenue Account programme** in 2018/19:

	£
Usable Balances	7,155,953
Retained Right to Buy Receipts	245,501
Right to Buy Receipts – Attributable debt	1,008,000
Use of Right to Buy ‘One for One’ reserve	405,338
Major Repairs Allowance	3,126,730
Asset Disposals (Capital Allowance)	400,000
<b>Total Resources</b>	<b>12,341,522</b>
Less Budgeted Expenditure	9,952,533
<b>Surplus to be carried forward to 2019/20</b>	<b>2,388,989</b>

## 7.0 PROCUREMENT ROUTES

- 7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet may also be asked to address a request for a waiver to the Contract Procedure Rules (CPR) for a particular selection of contract opportunities. Each will be considered in turn.
- 7.2 Although the procurement processes may be commenced sooner, the contract award will not take place before Council has approved the budget for the Capital Programmes. The authority's procurement documentation gives it a right not to award a contract, should Council not approve the budget.
- 7.3 Each year, 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 or procurement route for each item, considering which offers value for money for the Council at the time of procurement.
- 7.4 Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the Strategic Director of Place in consultation with the Portfolio Holder.
- 7.5 Where not using pre-existing contracts or frameworks all procurement processes for contracts over £25,000 will be advertised and available for local suppliers to submit bid for should they be of interest.

## **8.0 NEXT STEPS**

- 8.1 This report will be presented to the Policy Development Group at its meeting on 10 January 2018. Consultation with the business community will be through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. Any comments received will be included in the report to Cabinet on 6 February 2018 which will make the final recommendations to Council on 27 February 2018.

SCHEME	DETAIL	BUDGET HOLDER	FUNDING																
			2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING	
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
User Workstation Replacement	Programme of desktop replacements	Sam Outama	5,053	5,041	3,900	5,041	0	0	0	0	0								5,041
Helpdesk software upgrade	Upgrade of the helpdesk software system utilised in house	Sam Outama	0	3,546	2,570	3,546	0	0	0	0	0								3,546
Server and storage additional capacity	Replacement of Storage Area Network (SAN).	Sam Outama	0	7,551	7,452	7,551	68,000	0	0	0	0								75,551
Replacement telephone system	Telephone replacements 2017/18	Sam Outama	0	3,140	0	3,140	0	0	0	0	0						3,140		
ICT Infrastructure Scheme (Roadmap)	improvements to be implemented in 2017/18	Sam Outama	144,000	298,523	128,076	298,523	0	0	0	0	0						259,319		39,204
HR / Payroll System	Purchase and implementation of HR and Payroll system in 2016/17 - 2017/18.	Anna Wright	0	33,334	1,413	33,334	0	0	0	0	0						10,000		23,334
IDOX Platform	Provision to move the IDOX system, used to support planning, environmental health, licencing and building control, to a hosted and fully supported environment.	Sam Outama	0	0	0	0	30,000	0	0	0	0						30,000		
User Screen Bulk Replacement	Upgrading of screens as they come to the end of useful lives.	Sam Outama	0	0	0	0	25,000	0	0	0	0						25,000		
Firewall Security Replacement	Replacement firewall security.	Sam Outama	0	0	0	0	0	85,000	0	0	0								85,000
Website Intranet and Internet	Provision to upgarde the website and intranet in 2020/21	Sam Outama	0	0	0	0	0	0	50,000	0	0								50,000
LAN Switches replacement	Scheduled replacement of Local Area Network	Sam Outama	0	0	0	0	0	0	50,000	0	0								50,000
WAN and DC Renewal	Wider Area Network and Domain Controller renewal scheduled for 2020/21.	Sam Outama	0	0	0	0	0	0	518,000	0	0								518,000
Wi-Fi Replacement	Provision for 2021/22 scheduled replacement of WiFi to ensure connectivity throughout the Council	Sam Outama	0	0	0	0	0	0	0	55,000	0								55,000
Desktop Equipment Upgrade	Scheduled desktop upgrade	Sam Outama	0	0	0	0	0	0	0	120,000	0								120,000
Laptop Replacements	Scheduled laptop upgrade	Sam Outama	0	0	0	0	0	0	0	0	25,000								25,000
Finance System / Review	Provision for the purchase and implementation of a new finance system to support the finance function of the Council. Procurement subject to Cabinet approval	Anna Wright	0	0	0	0	450,000	0	0	0	0								450,000

SCHEME	DETAIL	BUDGET HOLDER	FUNDING															
			2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Disabled Facility Grants	Disabled Facilities Grant expenditure, utilising government DFG funding and internal resources	Minna Scott	1,032,038	<b>593,509</b>	22,439	593,509	762,253	622,989	622,989	622,989	622,989			3,437,934		139,264	270,520	0
Refuse Vehicles & Refuse Kerbsider	Rolling programme for replacement fleet at end of life	Paul Coates	847,330	<b>847,330</b>	154,354	847,330	650,000	425,000	570,000	550,000	200,000			30,000				3,212,330
Market Vehicles/Cars	Rolling programme for replacement fleet at end of life	Paul Coates	0	<b>0</b>	0	0	0	0	12,000	32,000	0							44,000
Vans - Small	Rolling programme for replacement fleet at end of life	Paul Coates	0	<b>0</b>	0	0	0	30,000	0	32,000	0							62,000
Vans - Medium	Rolling programme for replacement fleet at end of life	Paul Coates	145,000	<b>145,000</b>	88,408	145,000	210,000	80,000	75,000	34,000	60,000							604,000
Vans - Pickup	Rolling programme for replacement fleet at end of life	Paul Coates	25,000	<b>25,000</b>	23,058	23,058	35,000	0	0	100,000	0							158,058
Vans - Box Lorry	Rolling programme for replacement fleet at end of life	Paul Coates	40,000	<b>40,000</b>	45,420	45,420	40,000	0	130,000	0	0							215,420
Sweeper	Rolling programme for replacement fleet at end of life	Paul Coates	250,000	<b>129,895</b>	124,704	124,704	50,000	0	130,000	130,000	0							434,704
Digger/Misc Plant	Rolling programme for replacement fleet at end of life	Paul Coates	0	<b>59,260</b>	9,258	59,260	50,000	0	0	0	0							109,260
Mowing	Rolling programme for replacement fleet at end of life	Paul Coates	0	<b>0</b>	0	0	60,000	65,000	10,000	50,000	0							185,000
Hermitage Rec Grounds, Whitwick, AW play area car park	Scheduled resurfacing	Paul Coates	7,500	<b>7,500</b>	0	0	0	0	0	0	0							0
Belvoir Shopping Centre-Main Service Road, Coalville-Maintenance	Scheduled resurfacing	Paul Coates	0	<b>10,296</b>	1,704	10,296	0	0	0	0	0							10,296
Silver Street Car Park, Whitwick - Resurfacing	Scheduled resurfacing	Paul Coates	0	<b>10,055</b>	880	880	0	0	0	0	0							880
High Street Car Park Measham - Access Road resurfacing	Scheduled resurfacing	Paul Coates	0	<b>25,000</b>	0	25,000	0	0	0	0	0							25,000
Hood Park LC Car Park Ashby - Resurfacing (section of)	Scheduled resurfacing	Paul Coates	15,000	<b>15,000</b>	0	15,000	0	0	0	0	0							15,000
North Service Road Car Park coalville - Improvements	To improve appearance and function of site - subject to Cabinet	Paul Coates	0	<b>0</b>	0	0	120,250	0	0	0	0							120,250
Council Offices Extnsn car park c/ville, Resurfacing	Scheduled resurfacing	Paul Coates	20,000	<b>0</b>	0	0	0	20,000	0	0	0							20,000
Linden Way Depot - Extension	To enable adequate storage and safe movement around the site - subject to Cabinet	Paul Coates	0	<b>0</b>	0	0	200,000	0	0	0	0							200,000

SCHEME	DETAIL	BUDGET HOLDER	FUNDING																
			2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING	
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Linden Way Depot - Workshop Extension	Extension to workshop for maintenance to longer vehicles	Paul Coates	0	0	0	0	90,000	0	0	0	0	0							90,000
District Car Parks - LED Lighting Replacement	Upgrade lighting to more energy efficient LED technology	Paul Coates	0	0	0	0	25,000	0	0	0	0	0							25,000
Coalville Market Upgrade (Phase2)	Upgrade works from 2014/15	Clare Proudfoot	0	22,295	0	22,295	0	0	0	0	0	0					22,295		
Market Hall Wall	Works from 2015/16	Clare Proudfoot	0	7,258	0	7,258	0	0	0	0	0	0							7,258
Coalville Market Hall	Roof and Floor works	Kay Greenbank	0	0	0	0	0	400,000	0	0	0	0							400,000
Leisure Centre Project	To build new leisure centre		0	0	0	0	0	12,276,000	7,199,000	0	0	0	181,000		2,775,000				16,519,000
Coalville Park- Reconfigure Depot, replace building	Building replacement	Jason Knight	0	95,000	1,155	95,000	0	0	0	0	0	0							95,000
Hood Park LC-Replace outdoor learner pool boiler and pipework	Replacement of old/obsolete equipment	Jason Knight	0	0	0	0	10,000	0	0	0	0	0							10,000
Hood Park-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	4,515	0	4,515	0	0	0	0	0	0							4,515
Hermitage LC-Replace hot water system pipework, heat emitters & cold water storage tank	Replacement of old/obsolete equipment	Jason Knight	0	0	0	0	18,000	0	0	0	0	0							18,000
Hermitage LC-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	0	0	0	14,000	0	0	0	0	0							14,000
Wellbeing Centre at HPLC	To convert changing rooms into fitness area for targeted groups	Jason Knight	0	399,250	1,140	399,250	0	0	0	0	0	0	399,250						
Car Park - Ashby Health	Ashby Cultural Quarter works	Jim Newton	330,000	692,133	759	692,133	0	0	0	0	0	0							692,133
Car Parking Strategy	Replacement meters	Jim Newton	140,000	137,849	122,967	137,849	0	0	0	0	0	0							137,849
Swannington depot - Demolition	Demolition of old structure (H&S)	Paul Coates	35,000	35,000	0	35,000	0	0	0	0	0	0							35,000
Replace Leisure Centre ICT Servers	Scheduled replacement / upgrade	Jason Knight	15,000	15,000	9,562	15,000	0	0	0	0	0	0							15,000
Refurbishment of Moira Furnace Toilet Unit	Refurbishments of toilets	Wendy May	20,000	20,000	19,896	20,000	0	0	0	0	0	0							20,000
Tractor	Grounds Maintenance team - service improvements	Paul Coates	0	18,516	18,516	18,516	0	0	0	0	0	0							18,516
Indoor Cycles	Replacement of old/obsolete equipment	Jason Knight	0	14,315	14,315	14,315	0	0	0	0	0	0					14,315		
Pool Hoist replacements	Replacement of old/obsolete equipment	Jason Knight	0	15,000	0	15,000	0	0	0	0	0	0					15,000		

SCHEME	DETAIL	BUDGET HOLDER	FUNDING																
			2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING	
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Castle Donington College - All Weather Pitches - Re-surfacing	Resurfacing of all weather pitches. Item scheduled within PPM.	Property	0	0	0	0	30,000	0	0	0	0								30,000
Linden Way Depot - Welfare Facilities	Improvements to facilities for operational and office staff. Item scheduled within PPM.	Property	0	0	0	0	50,000	0	0	0	0								50,000
Moira Furnace - Masonry and Drainage upgrades to furnace and Bridge & further remedial works	Listed Monument. Immediate remedial action works and further programme as identified within the PPM.	Property	0	0	0	0	170,000	40,000	30,000	25,000	0								265,000
Council Office - Upgrade to failing obsolete fire alarm system	Replacement of old/obsolete equipment. Identified within PPM	Property	0	0	0	0	30,000	0	0	0	0								30,000
Council Office - Lift works	Urgent lift works to ensure working order. Item scheduled within PPM.	Property	0	0	0	0	30,000	0	100,000	0	0								130,000
Council Offices - (Stenson House) External works to roadway outside registry office	Scheduled works identified within the PPM	Property	0	0	0	0	0	0	0	10,000	0								10,000
Council Offices - Replacement LED Lighting throughout (Stenson House & Main Building)	Scheduled works identified within the PPM	Property	0	0	0	0	0	25,000	0	0	0								25,000
Council Offices - Main Building - Replacement windows generally	Scheduled works identified within the PPM	Property	0	0	0	0	0	110,000	0	0	0								110,000
Council Offices - (Stenson House) Link Corridor - Secondary Glazing replacement and decorate frames	Scheduled works identified within the PPM	Property	0	0	0	0	0	12,000	0	0	0								12,000
Council Offices/Stenson House - Replace outdated distribution boards	Scheduled works identified within the PPM	Property	0	0	0	0	0	0	20,000	0	0								20,000
Council Offices - (Stenson House) Replacement windows Lightwells and External works	Scheduled works identified within the PPM	Property	0	0	0	0	0	0	35,450	0	0								35,450
Coalville Park - resurface car park	Scheduled works identified within the PPM	Property	0	0	0	0	0	40,000	0	0	0								40,000
High St Car Park Ibstock - resurfacing	Scheduled works identified within the PPM	Property	0	0	0	0	0	0	40,000	0	0								40,000
High Street Car Park Measham - resurfacing	Scheduled works identified within the PPM	Property	0	0	0	0	0	0	20,000	0	0								20,000

SCHEME	DETAIL	BUDGET HOLDER	FUNDING																	
			2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING		
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Bridge Rd Car Park, Coalville - Resurface main through route	Scheduled works identified within the PPM	Property	0	0	0	0	0	38,500	0	0	0								38,500	
Linden Way Depot - replacement of obsolete external lighting	Scheduled works identified within the PPM	Property	0	0	0	0	0	11,000	0	0	0								11,000	
<b>TOTAL GENERAL FUND</b>			<b>3,070,921</b>	<b>3,735,111</b>	<b>801,946</b>	<b>3,716,722</b>		<b>3,217,503</b>	<b>14,280,489</b>	<b>9,612,439</b>	<b>1,760,989</b>	<b>907,989</b>		<b>580,250</b>	<b>3,437,934</b>	<b>2,805,000</b>	<b>3,140</b>	<b>515,193</b>	<b>270,520</b>	<b>25,884,094</b>

This page is intentionally left blank



DRAFT SPECIAL EXPENSES CAPITAL PROGRAMME 2018/19 to 2022/23

FUNDING

SCHEME	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISION BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	GRANTS/S106 CONTRIBUTIONS	GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Owen Street Football floodlights	Property	0	0	0	0	50,000	0	0	0	0	0	0	0	50,000	0	0	0
<b>57 TOTAL GENERAL FUND</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

This page is intentionally left blank

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>2018 - 2023 Home Improvement Programme</b>						
Home Improvement Programme	1,239,340	2,046,398	1,012,264	1,904,235	2,316,168	5,314,290
Home Improvement Programme						
Capital Works - Voids	232,000	217,500	203,000	188,500	188,500	175,000
Capital Works - Other	568,000	532,500	497,000	461,500	461,500	175,000
<b>2018 - 2023 Home Improvement Programme Total</b>	<b>2,039,340</b>	<b>2,796,398</b>	<b>1,712,264</b>	<b>2,554,235</b>	<b>2,966,168</b>	<b>5,664,290</b>
<b>2018 - 2023 Planned Improvement Programme</b>						
Non Decency Improvements	699,914	699,914	699,914	1,170,914	1,170,914	1,170,914
Fire Risk Assessment Remedial Works	87,000	87,000	87,000	87,000	87,000	87,000
Fuel swaps (solid fuel to gas supply)	-	-	-	25,000	25,000	-
<b>2018 - 2023 Planned Improvement Programme Total</b>	<b>786,914</b>	<b>786,914</b>	<b>786,914</b>	<b>1,282,914</b>	<b>1,282,914</b>	<b>1,257,914</b>
<b>New Build</b>						
New Build Programme - use of RTB one for one reserve	340,015	1,151,585		-		
New Build Programme - NWLDC contribution to RTB one for one	793,368	2,687,032				
New Build Programme - NWLDC additional provision						
Support for Acquiring Affordable Housing Sites Under Negotiation			2,800,000			
Acquisition of sites						
<b>New Build Total</b>	<b>1,133,383</b>	<b>3,838,617</b>	<b>2,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Capital Spend</b>						
Off Street Parking	150,000	150,000	150,000	150,000		
Major Aids & Adaptations	300,000	275,000	250,000	250,000	200,000	200,000
Development Site Preparations	-	-	-			
Renewable/Replacement Energy Installations Programme	876,000	876,000	876,000			
Speech Module	50,000	50,000	50,000			
New Housing Systems		395,000				
Sheltered Housing Improvements		60,000				
Capital Programme Delivery Costs	430,909	440,389	450,077	459,979	470,099	480,441
Unallocated/Contingency	236,501	284,216	192,759	211,857	222,454	356,110
Disposal of High Value Assets	-					
<b>Other Capital Spend Total</b>	<b>2,043,410</b>	<b>2,530,604</b>	<b>1,968,836</b>	<b>1,071,837</b>	<b>892,553</b>	<b>1,036,551</b>
<b>Capital Allowances</b>						
<b>Capital Allowances Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loan Repayments</b>						
<b>Total Programme Costs</b>	<b>6,003,047</b>	<b>9,952,533</b>	<b>7,268,014</b>	<b>4,908,986</b>	<b>5,141,635</b>	<b>7,958,755</b>
<b>Funding</b>						
Usable balances held @ 31/03/17	0	7,155,953	2,388,988	424,338	667,968	534,481
Major Repairs reserve balances held @ 31/03/17	591,000	0				
Retained Right to buy Receipts	927,000	245,501	247,956	250,435	250,435	250,435
RTB receipts - attributable debt	3,058,000	1,008,000	946,000	884,000	821,000	696,000
Use of RTB one for one reserve	648,000	405,338	345,645	285,867	234,739	132,484
Other Usable balances held @ 31/03/17	557,000					
RCCO	2,986,000	0	0	0	0	2,948,643
Major Repairs Allowance	3,139,000	3,126,730	3,163,764	3,132,314	3,101,974	3,076,626
Asset Disposals (Capital Allowance)	361,000	400,000	400,000	400,000	400,000	400,000
Renewable Heat Incentive			200,000	200,000	200,000	200,000
Section 106	892,000	0	0	0	0	0
	<b>13,159,000</b>	<b>12,341,521</b>	<b>7,692,352</b>	<b>5,576,953</b>	<b>5,676,116</b>	<b>8,238,669</b>
<b>Cumulative over/(under) resource</b>	<b>7,155,953</b>	<b>2,388,988</b>	<b>424,338</b>	<b>667,968</b>	<b>534,481</b>	<b>279,914</b>

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 12 DECEMBER 2017**

Title of report	<b>FORMER TENANT RENT ARREARS, CURRENT TENANT RENT ARREARS, COUNCIL TAX, NON DOMESTIC RATES AND SUNDRY DEBTOR WRITE OFFS</b>
Key Decision	<p>a) Financial No</p> <p>b) Community No</p>
Contacts	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a></p> <p>Director of Housing 01530 454819 <a href="mailto:glyn.jones@nwleicestershire.gov.uk">glyn.jones@nwleicestershire.gov.uk</a></p> <p>Financial Planning Manager and Deputy Section 151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	To agree write-offs over £10,000 and receive details of debts written off under delegated powers.
Reason for decision	To comply with proper accounting practices.
Council priorities	Value for Money
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p> <p>Equalities Impact Screening</p> <p>Human Rights</p>	<p>There is no additional financial effect as all the debts are met from the Authority's bad debt provision for previous years arrears or from in year income if the debts relate to the current financial year.</p> <p>None.</p> <p>Regular reviews of debts for write off mitigates the risk that the Council's accounts do not reflect the true level of recoverable income. It is also part of an effective arrears management strategy.</p> <p>Not applicable.</p> <p>None discernible.</p>

Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None.
Background papers	All papers used in compiling the report contain exempt information under paragraph 3 of Part 1 to Schedule 12A Local Government Act 1972
Recommendations	<b>THAT CABINET NOTES THE AMOUNTS WRITTEN OFF UNDER DELEGATED POWERS.</b>

## 1.0 WRITE OFFS

1.1 Write offs relating to prior years against Bad Debt Provision:

	<b>Provision as at 1 April 2017</b>	<b>Write offs to date (under delegated powers)</b>	<b>Amounts written off over £10,000 approved by Members</b>	<b>Balance Available</b>
Council Tax	<b>£2,050,324.89</b>	<b>£107,235.92</b>	<b>£0.00</b>	<b>£1,943,088.97</b>
Non Domestic Rates	<b>£259,719.93</b>	<b>£41,206.26</b>	<b>£33,930.81</b>	<b>£184,582.86</b>
Housing Rents	<b>£489,624.41</b>	<b>£13,365.52</b>	<b>£0.00</b>	<b>£476,258.89</b>
Sundry Debtors/Housing Benefit Overpayments	<b>£1,656,713.96.</b>	<b>£12,626.64</b>	<b>£0.00</b>	<b>£1,644,087.352</b>

## 1.2 Write offs relating to 2017/18

	<b>Write offs to date (under delegated powers)</b>	<b>Amounts written off over £10,000 approved by Members</b>
Council Tax	£10,408.86	£0.00
Non Domestic Rates	£6,072.45	£0.00
Housing Rents	£101.51	£0.00
Sundry Debtors/Housing Benefit Overpayments	£209.66	£0.00

## 2.0 FORMER TENANT RENT ARREARS

- 2.1 The amounts written off under delegated powers, in accordance with the thresholds outlined in the write off policy are as follows: 14 cases under £1,000 which amount to £881.52. Of these, 10 are uneconomical to pursue (£354.06) and four are deceased with no assets (£527.46). One case over £1,000 has absconded (£1,554.68).
- 2.2 There are no former tenancy arrears write-offs over £10,000 for which we seek approval.

## 3.0 CURRENT TENANT RENT ARREARS

- 3.1 There are no current tenant rent Arrear write-offs for which we seek approval.

## 4.0 COUNCIL TAX

- 4.1 There are currently no council tax debts over £10,000 for which Cabinet's approval for write off is sought.
- 4.2 The amounts written off under delegated powers, in accordance with the thresholds outlined in the write off policy, are as follows: Six cases under £100 which amount to £307.62. Of these, two cases have absconded (£113.58), three cases where the debtor is deceased with no assets (£180.55) and one case that is uneconomical to collect (£13.49). There are 19 cases between £100 and £1,000, which amount to £10,291.57. Of these, 11 have absconded (£6,022.76), one case has a debt relief order (£155.93), two are uneconomical to collect (£1,024.19), four cases are insolvent (£2,938.00) and one is deceased with no assets (£150.69). There are 13 cases between £1,000 and £10,000 which amount to £36,535.16. Of these, three cases have absconded (£14,198.51), one case has a debt relief order (£1,568.38), eight cases are insolvent (£19,412.18) and one case where the debtor is deceased with no assets (£1,356.09).

4.3 The full list of reasons for writing off debt includes:

- Bankruptcy or a Debt Relief Order is in place
- Deceased – No assets in the estate.
- Debtor Absconded / No Trace
- Company in liquidation/dissolved or ceased trading with no assets
- Severe Hardship and/or Serious health Issues
- Statute barred i.e. we cannot legally pursue the debt as there has been six years since the debt fell due and no action has been taken to collect the debt.
- Uneconomical to collect i.e. it is not financially viable to take further action for e.g. due to the low level of the debt, they have gone abroad etc.

4.4 Writing off debts is only considered where all appropriate recovery and enforcement measures have been taken, or, where the council are legally prohibited from pursuing the debt.

4.5 Each year the council produces a recovery timetable which details the dates on which the statutory Reminders, Final Notices and Summonses are to be despatched. The letters issued are designed to maximise collection by prompting tax payers to pay their missed instalments in a timely manner, thereby avoiding further enforcement action taking place. Information is provided on the website to explain what happens next should payment not be made.

4.6 For all outstanding debt, the council takes the recovery action outlined in the bullet points below:

- If payment is not received by the instalment due date shown on the bill, a reminder notice is issued.
- If payment is received within seven days the tax payer may continue with their original instalment plan. If they default again within the year, then one further reminder notice is issued. If they do not pay, the following steps are taken.
- If payment is not received by the date on the reminder notice, a court Summons is issued. The Summons advises them of the date and time that the Council will attend a Magistrates Court hearing to apply for the award of a Liability Order against them.
- Once a Liability Order is obtained, the Council has a number of enforcement options open to them in order to secure payment of the debt.

4.7 Liability Order Action

Once a Liability Order has been obtained each debt is looked at and a decision is made as to the most appropriate course of action to take from the list of available options below. It is only after all of these have been considered and/or pursued that the debt is put forward for write off.

1. Apply to the debtor's employer for an Attachment of Earnings.
2. Apply to the DWP for a deduction from the debtor's benefits
3. Instruct an external enforcement company (bailiffs) to collect the debt on the council's behalf.



4. If the enforcement company are unsuccessful, the Council could commence committal proceedings against the debtor.
5. If the debtor owns their own home a Charging Order could be made against the property.
6. If the debt is over £5,000, bankruptcy proceedings could be commenced against the debtor.

When considering the final three options on the above list, the Council must always be mindful of the individual circumstances of the debtor and the financial impact on the Council of pursuing each option. Additional costs will be incurred when utilising any of these options.

## **5.0 NON DOMESTIC RATES (NNDR)**

- 5.1 There are no Non Domestic Rate debts over £10,000 for which Cabinet approval for write off is sought.
- 5.2 The amounts written off under delegated powers in accordance with the policy thresholds are as follows: There are no cases under £100. There is one case that is between £100 and £1,000 where the debtor has absconded (£244.87). There are two cases between £1,000 and £10,000 again, where the debtor has absconded (£10,984.33).
- 5.3 As with the recovery of Council Tax, for Business Rates, writing off debt is only ever considered as a last resort. Often companies, sole traders or partnerships become insolvent and the Council is prohibited from taking any further action as all of their outstanding debts are included within the Administration, Liquidation or personal bankruptcy.
- 5.4 The Council follows the same recovery process for Business Rates as for Council Tax. However, once the Council has obtained a Liability Order there are only a limited number of enforcement actions that can legally be pursued. In most cases, where a payment arrangement or contact cannot be made, the Council refers the case to external Enforcement Agents. If they are unsuccessful, the Council then has three further options to consider before putting the debt for write off. These options are:
  - Committal (For sole traders and partnerships only)
  - Security for Unpaid Rate (this is the equivalent of a Charging Order on a property but this can only be done with the ratepayers agreement)
  - Insolvency Proceedings

## **6.0 SUNDRY DEBTORS (INCLUDES NON CURRENT HOUSING BENEFIT OVERPAYMENTS PRE 2011)**

- 6.1 There is one sundry debtor case over £10,000 for which Cabinet's approval for write off is sought. This relates to a sundry debtor invoice for £14,652.39 where the company is in liquidation with no assets.
- 6.2 There were no cases that have been written off under the Deputy S151 Officer delegated powers.

- 6.3 The recovery process varies dependant on the type of debt. Generally the debtor will receive a minimum of two reminder letters the final stating that recovery through the county court will take place in the event of non payment. Once judgement is obtained the normal recovery methods are available such as attachment of earnings/ benefit etc.

## **7.0 CURRENT HOUSING BENEFIT OVERPAYMENTS**

- 7.1 There are currently no sundry debtor cases over £10,000 for which Cabinet's approval for write off is sought.
- 7.2 The amounts written off under delegated powers, in accordance with the thresholds outlined in the write off policy, are as follows: one case under £100 where the debtor is deceased with no assets (£202.09). There are six cases between £100 and £1000 amounting to £2,883.89. Of these, one case has a debt relief order (£847.26), one case has absconded (£140.71), one case is deceased with no assets (£636.15), one case is insolvent (£322.70) and two cases which are uneconomical to pursue (£937.07). There is one case where the debtor is insolvent and also has council tax arrears taking it above the £1,000 threshold amounting to £480.63.
- 7.3 For all outstanding benefit overpayment debt, the council takes the recovery action outlined in the bullet points below:
- An invoice is issued giving 14 days to make payment, or to contact the council.
  - If payment is not received a first Reminder is issued, followed by a second reminder two to three weeks later.
  - If payment is not received a 'CIS' (DWP database) check is carried out to assess if a deduction from benefit or an attachment of earnings is appropriate. If neither of these options is suitable the account is sent to an external collection team with no cost to the Council. However, they have no powers to enforce the debt at this stage only to collect it.
  - If the cases are returned, each case is checked and a decision is made as to whether it is appropriate to start legal proceedings in the County Court.
  - If judgement is obtained in the County Court, the following enforcement options are available to consider:-
    1. Warrants of Control (the use of County Court Bailiff, or High Court Sheriff)
    2. Third Party Debt Orders (Utilises the customer's bank account to extract payment)
    3. Charging Order (the debt is secured on the customer's house)
    4. Insolvency (petition for bankruptcy)

Likely to contain exempt information under paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 11.

Document is Restricted

This page is intentionally left blank