

Meeting	<b>CABINET</b>
Time/Day/Date	5.00 pm on Tuesday, 6 February 2018
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 16 January 2018	<b>3 - 8</b>
<b>5. MEDIUM TERM FINANCIAL STRATEGY</b>	
Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>9 - 54</b>
<b>6. GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET PROPOSALS FOR 2018/19</b>	
Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>55 - 68</b>



<b>7.</b>	<b>HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2018/19</b>	
	Report of the Director of Housing Presented by the Corporate Portfolio Holder	<b>69 - 80</b>
<b>8.</b>	<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>	
	Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>81 - 110</b>
<b>9.</b>	<b>THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19 AND PRUDENTIAL INDICATORS 2018/19 TO 2020/21</b>	
	Report of the Chief Executive Presented by the Corporate Portfolio Holder	<b>111 - 136</b>
<b>10.</b>	<b>PROPOSED COUNCIL DELIVERY PLAN</b>	
	Report of the Chief Executive Presented by the Leader	<b>137 - 156</b>
<b>11.</b>	<b>REVIEW OF HOUSING POLICIES</b>	
	Report of the Director of Housing Presented by the Housing Portfolio Holder	<b>157 - 224</b>
<b>12.</b>	<b>INTRODUCTION OF PUBLIC SPACE PROTECTION ORDER IN RELATION TO DOG CONTROL (PSPO)</b>	
	Report of the Strategic Director of Place Presented by the Community Services Portfolio Holder	<b>225 - 232</b>
<b>13.</b>	<b>DESIGNATION OF KEGWORTH CONSERVATION AREA</b>	
	Report of the Strategic Director of Place Presented by the Regeneration and Planning Portfolio Holder	<b>233 - 256</b>
<b>14.</b>	<b>AUTHORITY FOR ADDITIONAL SPEND TO COMPLETE THE DIGITAL TRANSFORMATION PROJECT</b>	
	Report of the Director of Housing Presented by the Corporate Portfolio Holder	<b>257 - 262</b>
<b>15.</b>	<b>MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY</b>	
	Report of the Strategic Director of Place Presented by the Community Services Portfolio Holder	<b>263 - 274</b>

MINUTES of a meeting of the CABINET held in the Board Room, Council Offices, Coalville on TUESDAY, 16 JANUARY 2018

Present: Councillor R Blunt (Chairman)

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

In Attendance: Councillors R Adams, J Bridges, J Clarke, J G Coxon, J Geary, G Houlton, R Johnson, J Legrys, S Sheahan and M Specht

Officers: Mr J Arnold, Ms T Ashe, Mr G Jones, Mr L Sebastian, Mrs B Smith and Mrs R Wallace

**85. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**86. DECLARATION OF INTERESTS**

There were no interests declared.

**87. PUBLIC QUESTION AND ANSWER SESSION**

There were no questions received.

**88. MINUTES**

Consideration was given to the minutes of the meeting held on 12 December 2017.

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

RESOLVED THAT:

The minutes of the meeting held on 12 December 2017 be approved and signed as a correct record.

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

**89. COUNCIL TAX BASE AND NON DOMESTIC RATING INCOME 2018/19**

The Corporate Portfolio Holder presented the report to Members.

He informed Members that the Local Government Finance Act 1992 required that the calculation of the Council Tax Base for the financial year 2018/19 be determined by no later than 31 January 2018.

He reported that for the first time, growth estimates in respect of the anticipated number of new homes for 2018/19 had been included in the council tax base for 2018/19 at parish level. This meant that there was a larger than average increase in the base for 2018/19 compared to 2017/18, and the Council along with parish and major preceptors, would receive the proportionate share of council tax collected in year, rather than a year in arrears.

He reminded Members of the decision taken in January 2017, that Town and Parish Council's would receive a 25 percent reduction in the Council Tax Support Grant next year and each year until 2020/21 when the grant was phased out.

In respect of business rates, the Council were required to provide details of estimated income for the following year to the Government by 31st January 2018 on a form called

NNDR1 which was required to be formally approved. The form was completed by the Revenues and Benefits Partnership shortly before the 31st January deadline to ensure that the estimates were as up to date as possible. In light of the timing, it was recommended that delegated authority be given to the Deputy Section 151 Officer to approve and submit the form for 2018/19.

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

RESOLVED THAT:

- a) The calculation of the Council Tax Base for each Parish and Special Expense Area for the financial year 2018/19, as shown in appendix two, be approved and adopted.
- b) In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI 2012/2914, the amount calculated by North West Leicestershire District Council as its Council Tax Base for the financial year 2018/19 shall be 32,852.
- c) The amounts of Council Tax Support Grant for each Town and Parish Council detailed within appendix three be noted.
- d) The authority to submit the calculations of non domestic rating income and other amounts required by the government by 31 January each year for the forthcoming financial year, be delegated to the Deputy Section 151 Officer.

**Reason for decision:** To determine the Council Tax Base for the 2018/19 financial year.

#### **90. AUTHORITY TO AWARD THE CONTRACT FOR REPLACEMENT OF HOUSING ICT SYSTEMS**

The Housing Portfolio Holder presented the report to Members.

He reported that as the four main ICT systems utilised by the housing service were coming to the end of their contractual agreements, an appraisal of the systems was undertaken by external consultants in 2017. A number of weaknesses were found with the current systems and it was recommended to procure a single system if it was possible to meet all of the requirements. It was proposed that the Competitive Dialogue Route for procurement commence in March 2018 with the contract awarded in August 2018.

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

RESOLVED THAT:

The authority to procure and award a contract for replacement ICT systems for Housing be delegated to the Director of Housing in consultation with the Portfolio Holder.

**Reason for decision:** The level of expenditure in this contract exceeds the authority threshold in the Scheme of Delegation.

#### **91. MARLBOROUGH SQUARE REFURBISHMENT**

The Leader presented the report to Members.

He updated Members that officers had worked closely with the Leicestershire County Council, local businesses and other stakeholders to explore ideas and develop a concept plan. An option that satisfied the requirements of the project brief and the day to day operational needs of the square had been identified, which had received unanimous support by all.

He reported that proposals created a high quality area of public space, with the existing free parking spaces to be relocated to other car parks. Subject to Cabinet approval, the project would commence immediately with a report returning to Cabinet in May 2018 seeking final approval for project implementation. He concluded by thanking the Urban Designer and the Head of Planning and Regeneration for the work undertaken on the proposed design as it was very good.

Councillor T J Pendleton commended officers as they had done a great job.

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

RESOLVED THAT:

- a) The progress made on the project be noted.
- b) The commissioning of detailed design and feasibility work (by LCC) to refurbish Marlborough Square to determine the actual costs associated with project implementation be approved.
- c) The concept plan that creates a new public space, new bus stops and a new taxi rank with a limited amount of short stay parking be approved.
- d) The intention to relocate existing free bays to other council car parks within the town centre be noted.
- e) The commencement of public consultation on the concept plan be approved.

**Reason for decision:** Cabinet approval is required to progress the project further.

## 92. GYPSY AND TRAVELLER NEEDS ASSESSMENT

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

He reported that the adopted Local Plan Policy H7 set out the evidenced need for gypsy and traveller pitches, as well as travelling showpeoples' plots, during the plan period. That evidence dated back to a study in 2007 and as it was now considered out of date a new study had been commissioned. The new study had not been finalised at the time of the conclusion of the Local Plan examination in public hearings.

He informed Members that the up to date study had a significantly lower requirement for gypsies and traveller pitches than it was in the evidence that supported the local plan. That was predominantly due to the changed definition of travellers which was introduced in 2015. The change was still being challenged legally and until it was concluded, future steps were unclear.

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

RESOLVED THAT:

- a) The requirement within the supporting text to Policy H7 - provision for gypsies and travellers and travelling showpeople – of the adopted Local Plan be noted, that in order to meet identified need, the authority is committed to producing a Gypsy and Traveller Site Allocations Development Plan.
- b) The Leicester and Leicestershire Gypsy and Traveller Accommodation Assessment be noted.

- c) It be confirmed that reasonable steps should be taken to ensure suitable and adequate provision is made to meet needs.

**Reason for decision:** To conform with Policy H7 and supporting text of the adopted Local Plan.

### 93. REVIEW OF SUPPLEMENTARY PLANNING DOCUMENTS

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

He informed Members that in addition to the Local Plan, the Council had a number of Supplementary Planning Documents (SPD) which were produced to support various policies in the previous Local Plan. Following the adoption of the new Local Plan it was now necessary to consider whether it was appropriate to retain the SPDs, to review and replace with updated SPDs or to withdraw them.

He put forward an amendment to recommendations b and c to withdraw the deadline of 31 March as it was felt that it was unfair to put the pressure of a timescale onto the Parish Council's.

The recommendations, with the above amendments, were Moved by Councillor T J Pendleton, seconded by Councillor R Blunt and

RESOLVED THAT:

- a) The following Supplementary Planning Documents (SPD) be withdrawn with immediate effect:
- Play Area Design Guidance
  - Ashby Area Cycling Network Plan
  - Northern Parish Cycling Strategy
  - Telecommunications Guidance
  - Designing Out Crime
  - Lighting Schemes Guidance
  - Affordable Housing
  - Retail
- b) Long Whatton and Diseworth Parish Council be advised that it is considered that the Diseworth Village Design Statement should be reviewed and that if it is not, then the Council will withdraw it as a SPD.
- c) Appleby Magna Parish Council be advised that it is considered that the Appleby Magna Village Design Statement should be reviewed and that if it is not, then the Council will withdraw it as a SPD.
- d) The development guidelines SPD be formally withdrawn with immediate effect.
- e) The revised Ashby Cycling Network be adopted as SPD subject to legal advice.
- f) Consideration be given to publishing revised SPD in respect of play area design and affordable housing.
- g) The review of the Local Plan consider the need for additional SPD.

**Reason for decision:** To ensure that the Council, in determining planning applications, is using the most appropriate Supplementary Planning Documents.

**94. DELEGATION AND COLLABORATION AGREEMENT IN RELATION TO THE LIGHTBULB PROGRAMME**

The Community Services Portfolio Holder presented the report to Members.

She reported that in June 2015 the officer who dealt with North West Leicestershire disabled facilities grants retired and therefore the Council agreed for Blaby District Council to deliver the grants through a services agreement. During this time the countrywide Lightbulb Partnership went live and North West Leicestershire transitioned to the Lightbulb model through an updated services agreement. The Lightbulb service provides a centralised management, performance and development 'hub' lead by one partner authority which ensures consistency and resilience across the County. Therefore it was proposed that the mandatory and discretionary aspects of the Disabled Facilities Grants function be delegated to the lead authority, Blaby District Council.

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

RESOLVED THAT:

The function of the provision of the Disabled Facilities Grants Service be delegated to Blaby District Council from 1 April 2018.

**Reason for decision:** The Lightbulb business case sets out the new integrated model for housing support which has been agreed across the County. The delivery of the disabled facilities programme is a mandatory function. Currently the Council's disabled facilities grants are administered by the Lightbulb team at Blaby District Council with North West Leicestershire still responsible for the mandatory function. This is covered by an agreement which is due to expire 31 March 2018. Delegation of the mandatory function to Blaby District Council will streamline processes further.

**95. CONTRACT AWARD FOR THE MATERIALS SUPPLY CHAIN TO SUPPORT THE HOUSING REPAIRS AND MAINTENANCE SERVICE**

The Housing Portfolio Holder presented the report to Members.

He reported that a procurement exercise had been completed for the provision of materials and equipment to enable the Housing Services In-house Repairs Team to deliver repairs and Maintenance services to Council homes. In order to award the contract with a view to a commencement date of 2 April 2018, it was proposed to delegate authority to award the contract to the Director of Housing in consultation with the Portfolio Holder.

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

RESOLVED THAT:

The authority to award the contract for the materials supply chain to support the housing repairs and maintenance service to council homes be delegated to the Director of Housing in consultation with the Portfolio Holder.

**Reason for decision:** The level of expenditure on this contract exceeds the authority threshold in the Scheme of Delegation. To improve the Council's housing stock.

**96. 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.

**97. ACQUISITION OF SITE IN CENTRAL COALVILLE FOR THE DEVELOPMENT OF AFFORDABLE HOUSING**

The Housing Portfolio Holder presented the report to Members.

He informed Members that in early 2017, the developers had the opportunity to purchase the site in Coalville, and approached the Council to discuss development opportunities through the receipt of Capital Funding Grant from the Homes and Communities Agency. He added that the site was prominent to the town centre and would complement the Council's ongoing work to regenerate Coalville.

Councillor T J Pendleton was pleased with the proposals, he believed it provided Coalville with much needed housing and allowed regeneration of the area.

Councillor N J Rushton commented that it was fantastic to be able to build more council homes and regenerate the area. He believed it was one of the best schemes he had seen to date and would be positively contributing to the Housing Revenue Account in the next 23 years.

Councillor R Blunt highlighted the link of this scheme to the Coalville project and the importance of regenerating a shutdown building in the town. He added that all sectors had come together to create this scheme and he was very proud of it.

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

RESOLVED THAT:

- a) The acquisition of the site as detailed in the report be approved and the authority to negotiate and complete the acquisition be delegated to the Director of Housing in consultation with the Portfolio Holder.
- b) Paragraphs 2.6 and 2.7 of the Council's Procedure Rules be waived to allow a direct award of the construction contract to the developers detailed in the report.
- c) The award of a contract with the developers detailed in the report to build 24 properties at the site in Central Coalville be approved and authority to negotiate and complete this contract be delegated to the Director of Housing in consultation with the Portfolio Holder.

**Reason for decision:** To take advantage of a development opportunity arising from the fact that the developers have control over the land and have obtained grant funding from the Homes and Communities Agency (HCA) for the construction of affordable homes for rent which offers a windfall opportunity to the Council to build 24 properties at a significant discount.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.30 pm



**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>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 Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team , 14 November 2017 Cabinet 12 December 2017
Background papers	<a href="#">MTFS 2017 - 2020</a>
Recommendations	<b>IT IS RECCOMENDED THAT CABINET:</b>  <b>1. APPROVE THE MEDIUM TERM FINANCIAL STRATEGY</b>

## 1.0 BACKGROUND

- 1.1 In December 2017, members were presented with a report that outlined the current financial issues facing the council to be addressed through the development of a revised Medium Term Financial Strategy (MTFS). This paper was then subsequently presented to the Policy and Development Group on 10 January. An extract from the draft minutes of PDG can be found in Appendix 1.
- 1.2 The Council's former 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 strategy's final year (2019/20).
- 1.3 The Medium Term Financial Strategy 2018 – 2023, included in Appendix 2, presents a high level, 5 year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over this period from April 2018. The strategy promotes self-sufficiency to safeguard the Council's financial position against future central government funding changes whilst also maximising the use of government grant collected.
- 1.4 The new MTFS now provides projections in relation to the Housing Revenue Account and Capital as well as the General Fund and introduces a new monitoring cycle so that members will more regularly review the Council's holistic financial position on an ongoing basis.

## 2.0 FUNDING AND FUTURE UNCERTAINTIES

- 2.1 The MTFS provides readers with the detail and assumed implications of the Governments Fair Funding Review which is due to be implemented from 2020/21, including the reduction in Revenue Support Grant and the potential £1m reduction in retained business rate income due to the resetting of the business rate baseline (subject to any transitional measures that are adopted to phase in the reduction which remain unknown at this stage).
- 2.2 The MTFS also outlines the potential threat of future changes to the New Homes Bonus scheme. After consulting on proposed changes in autumn 2017, the Government did not

amend the scheme but have since stated that they reserve the right to increase the baseline which bonus payments are paid against for growth above this level.

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

3.1 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, the MTFS promotes self-sufficiency in targeting to reduce reliance on Government grant.

3.2 Included in a separate report on this agenda is the recommendation to members to create a new self-sufficiency reserve with a projected balance of £2.76m in April 2018. The reserve will be created using the balance in excess of a minimum balance for the General Fund (predicted at £900k) and the predicted surplus outturn position for 2017/18 (projected to be £1.86m),. This new self-sufficiency reserve will be used to support a change programme that will aim to meet the projected deficits and maximise the Council's income generating opportunities for ongoing self-sufficiency. The predicted surpluses arising on the 2018/19 and 2019/20 budgets will also be paid into the reserve.

3.3 The MTFS predicts future in-year deficits (net of surpluses arising in the 2018/19 and 2019/20 years) totalling £5.3m between 2019/20 and 2022/23 on the General Fund as a result of increasing cost pressures and reduction in Revenue Support Grant, and from 2020/21 due to a significant forecast reduction in retained business rate income. Members should note that the assumptions in respect of the drop in business rates are prudent in the absence of transitional measures to phase in the changes that will be introduced by the Fair Funding review in 2020/21.

3.4 The MTFS also sets additional savings targets for reducing the reliance on New Homes Bonus, phased in up to 25% by 2023, totalling an additional savings target of £1.5m, taking the total savings required over the period to £6.8m. 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.

3.5 Long term projections for the Housing Revenue Account are stable with the council able to meet loan commitments on the repayment of self-financing loans until the final maturity loans redeem in 2042. In order to deal with significant sums in loans that mature at this time, further savings, additional income or refinancing will be needed to address potential shortfalls of £62m between 2041 and 2048.

3.6 The MTFS provides detail of the Council's 5 year Capital Programme and demonstrates the council's ability to fund the programme over this period.

3.7 Details of the predicted deficits and self-sufficiency target savings and detail surrounding the Housing Revenue Account can be found in Section 7 of the MTFS (appendix 1).

### **4.0 MONITORING, DELIVERY AND REVIEW**

4.1 The new MTFS encourages members to look beyond the current planning period in considering actions to address future deficit years and self-sufficiency targets in respect of

the General Fund, and consider financing or alternative actions to address the long range forecasts for the HRA and the medium range 5 year forecasts for the Capital Programme.

- 4.2 The new approach to monitoring progress against the MTFs will include a review and update as necessary to the strategy assumptions at the end of each financial year and following the Government's Spring Statement.
- 4.3 At the end of the 2017/18 financial year, members will be presented with proposals in respect of the self-sufficiency reserve and how it will contribute to reducing expenditure and increasing income. Throughout the year, Members will also be updated with progress made in meeting our savings targets.
- 4.4 An updated rolling 5 year MTFs will be presented to members annually alongside the forthcoming years' draft budget for approval and will include refined future years savings targets, in line with the Government's annual finance settlement and budget announcement.

## APPENDIX 1

EXTRACT of the DRAFT MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Hoult, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Bayliss, J Legrys, T Pendleton, S Sheahan

Officers: Mr J Arnold, Ms T Ashe, Mr C Lambert, Mr J Newton, Mr D Scruton, Ms K Greenbank, Mrs R Wallace and Ms E Warhurst.

### **26. DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY**

The Financial Planning Team Manager presented the report and referred Members to appendix one which outlined the current financial issues facing the Council to be addressed through the development of the Medium Term Financial Strategy.

In response to a question from Councillor T Eynon, the Financial Planning Team Manager explained that the report did not contain financial figures because when it was initially sent to Cabinet it was an outline document only and the figures were not yet available. The full report would be considered by Cabinet on 6 February and Council on 27 February. Councillor T Eynon expressed her disappointment that reports were still not being presented to the Policy Development Group prior to Cabinet even though she had raised the issue on many occasions.

Councillor T Eynon asked if owners of unoccupied business properties were still required to pay business rates, in the same way residential property owners were required to. The Financial Planning Team Manager stated that she would need to seek information from the Leicestershire Partnership and would provide a response outside of the meeting.

It was moved by Councillor D Harrison, seconded by Councillor V Richichi and

RESOLVED THAT:

- a) The report be noted.
- b) The comments made be fed back to Cabinet when considering the report on 6 February 2018.

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**North West Leicestershire District Council  
Medium Term Financial Strategy (MTFS)  
2018-2023**

- 1. Introduction**
- 2. The Role of the MTFS in delivering a vision for our District**
- 3. Political, economic and regulatory outlook**
- 4. The Local Government Financing Regime**
- 5. Council funding**
- 6. Long term planning and self-sufficiency**
- 7. The Medium Term Financial Plan:**
  - a. General fund**
  - b. Housing Revenue Account**
  - c. Capital programme**
- 8. Risk**
- 9. Monitoring, delivery and review**



## 1. Introduction

This Medium Term Financial Strategy (MTFS) provides a high-level assessment of the financial resources required to deliver the council's strategic priorities and essential services over the next five years.

It sets out how we can generate and use these resources within the financial context and constraints we are likely to face and replaces the former three year Medium Term Financial Strategy 2017 – 2020, which was developed and approved in October 2016.

Like all local authorities, North West Leicestershire District Council (NWLDC) is influenced by national government policy, funding changes and Government spending announcements. This review of the MTFS builds on the existing strategy and updates our assumptions to reflect known funding announced as part of the local government financial settlement for 2018/19. It also used estimated settlement figures beyond this.

We will keep our financial planning assumptions under constant review. This is a prudent approach given the increased level of uncertainty which will continue until more detail is released on funding later in the year as implications from the Fair Funding Review are understood.

This MTFS introduces for the first time the principle of self-sufficiency to align our strategic aim of reducing our reliance on government grant to our medium term financial planning processes. This will support our transformation programme increasing the council's resilience to future changes.

The Medium Term Financial Plan sets self-sufficiency targets for future years, designed to safeguard the council's financial position against future central government funding changes whilst also maximising the use of government grant collected.

## 2. The role of the MTFS in delivering a vision for our district

The MTFS is a key enabler to deliver the council's priorities which are:

- **Building confidence in Coalville** - we aim to regenerate and build confidence in Coalville
- **Value for money** - we aim to provide council services that people feel give good value for money
- **Homes and communities** - we aim to improve the wellbeing of people living in North West Leicestershire
- **Business and jobs** - we aim to make the district a better place to invest, work and visit
- **Green Footprints** - we aim to make people feel proud to be part of a cleaner, greener district.

The MTFS helps us to:

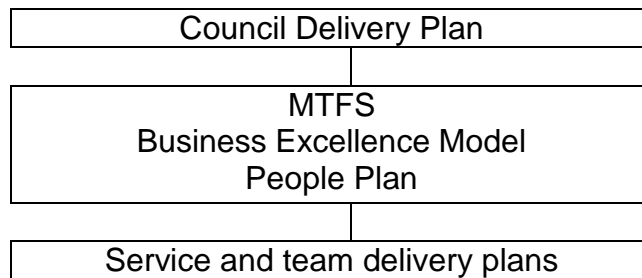
- Deliver on the council's vision and priorities
- Improve financial planning and the strategic financial management of the council's revenue and capital resources
- Consider future opportunities and investments
- Maximise the use of resources available to the council
- Provide value for money
- Review our reserves policy to make sure the council has protection against unforeseen events and takes a sensible approach to funding a sustainable financial position
- Respond to external pressures
- Develop a sustainable budget over the medium term
- Highlight any financial risks and put mitigating controls in place.

The Government's current arrangements for funding local government present local authorities with a higher degree of uncertainty and risk than the previous arrangements; and the uncertainty on the impact of exit from the EU continues to exacerbate this.

This presents NWLDC with both challenges and opportunities, and we need to continue to use our business planning to make sure that we have the right focus and aligned resources so that we achieve our outcomes with financial sustainability.

There are key links between the MTFS and other plans and strategies and a coherent joined up approach to each of these is essential:

## Business Planning



Four key programmes will deliver the our corporate vision:

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council
- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of quality homes and facilities for our residents and business
- **People** – making sure we develop our staff to have the skills for a 21<sup>st</sup> century business, valuing our staff and transforming the organisation
- **Self sufficiency** – having effective financial management that increases our resilience and adaptability to changing financial pressures.

### **People strategy**

NWLDC is committed to continuous improvement and achieving outcomes for our residents, businesses, service users, partners, employees and members.

To achieve this we recognise the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery.

Our People Strategy (which is in development at the time of publication) will help us achieve the corporate priorities outlined in our Council Delivery Plan.

An effective People Plan means we can plan for the future with a clear focus on improving services through partnership.

This plan and the associated Workforce Development Plan (WDP), is an integral part of our performance management framework. It provides the link between valuing and developing people, with improving and developing services and enabling effective dynamic leadership.

The People Plan provides a framework, along with the WDP, to ensure that we deploy the right number of trained and motivated people to provide high quality services within our communities.

Our business planning has a strong link to our People Plan. This helps us develop an organisation that has the right skills, capabilities and capacity in place to achieve our priorities and outcomes.

In practical terms, this means making sure our work is effective and has impact; that we manage demands on our services (including a commitment to channel shift) and spend only on things that achieve our strategic priorities and essential services.

- **Spend our money wisely** – our staff deliver value for money in everything they do
- **Support what is possible** – our staff identify, agree and provide the best possible outcomes for all customers
- **Be fair and proud** – our staff show pride in their work and take individual responsibility for doing what is agreed
- **Listen carefully** – our staff listen and respond to the needs of customers and colleagues – both internally and externally
- **Deliver agreed quality** – our staff ensure they deliver within agreed timescales and to the expected quality.

Our drive for continuous improvement will further enhance the People Plan to incorporate the core skills and competencies of the 21<sup>st</sup> century public servant, which will ensure that we build skills within the workforce to contribute to the council's journey to self-sufficiency.

### 3. Political, economic and regulatory and outlook

#### National context

Following the decision to leave the EU and with complex negotiations still underway, the long-term position of the UK economy remains uncertain and largely dependent on the agreements the Government is able to secure.

The UK economy has slowed in 2017 as households' real incomes and spending have been squeezed by higher inflation. However the UK economy has shown resilience, with solid growth throughout 2017 and further increases in the number of people with a job.

Gross domestic product (GDP) growth, (the main measure of UK economic growth based on the value of goods and services produced during a given period) was weaker than anticipated in 2017. However, employment has remained near the record high set earlier in the year, with unemployment is at its lowest rate since 1975.

The Office for Budget Responsibility (OBR) now expects to see slower GDP growth, mainly reflecting a change in its forecast for productivity growth. It has revised down its forecast for GDP growth by 0.5 percentage points to 1.5% in 2017, slowing in 2018 and 2019, before rising to 1.6% in 2022.

CPI inflation is expected to broadly remain within the Government's 2% target and interest rates are expected to rise slowly. Unemployment is expected to grow as the GDP growth slows and the National Living Wage prices some workers out of employment.

The combined effects of a better than expected fiscal position now, but weaker prospects looking forward have led the OBR to revise up forecasts for the budget deficit.

The Government announced in its Autumn 2017 Budget a commitment to (amongst others) raise housing supply, prepare for exiting the EU and invest over £6.3 billion of new funding into the NHS.

#### Local context

The council's role in raising housing supply is multi-faceted.

As a Local Authority with planning responsibilities, we have a role in determining planning applications whilst ensuring we continue to meet the required level of quality, design and tenure to meet local housing need.

We also have a retained council housing stock of approximately 4,200 homes, with 68 new homes due to be delivered by 2019.

The Government's intention to raise housing supply will no doubt impact favourably to the council's level of New Homes Bonus and council tax, but is also likely to place pressure on council's services and as a consequence its revenue budgets.

We are in a strong position in respect of planning. In October 2017 we received the Secretary of State's final report into our Local Plan, which the council formally adopted on 21 November 2017. The plan sets out how we will make sure our district has the homes, jobs, shopping, leisure and infrastructure development it needs until 2031.

We have also played an active role in the development of a draft Leicester and Leicestershire Strategic Growth Plan, working with the ten partner organisations in Leicester and Leicestershire including all local authorities and the local enterprise partnership.

The Strategic Growth Plan will seek to provide an agreed scale and direction for future growth, reflecting the evidence available and the will of the partners and create a single consistent strategic framework for Local Plans, economic investment plans, transport and other infrastructure plans.

The demand for our services and our income streams are both affected by the general economic health of the district, and the prevailing interest rate has a direct impact on interest receipts.

As a whole North West Leicestershire is a prosperous place but it does have pockets of deprivation within it. The district ranks of 214 out of 326 English local authorities<sup>1</sup> (where '1' is the most deprived and '326' the least deprived local authority respectively).

Unemployment within North West Leicestershire is low and below regional and national averages, at 0.8% as at March 2017.

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<sup>1</sup> Source: DCLG: English Indices of Deprivation September 2015

## 4. The Local Government Financing Regime

The council's funding is derived from a mixture of council tax receipts, New Homes Bonus payments, a share of locally collected business rates and direct government grant funding.

A key continuing theme from the government is the drive towards financial independence for local authorities and the move towards localism. In practice this means a reduction in levels of direct (formula) grant funding, offset by retention of a share of local business rates and other grant funding relating to housing growth.

Over the last few years, the nature of local government funding has changed from a central to local focus. Government has introduced:

- Incentivised funding - New Homes Bonus (NHB) introduced in 2011 and modified in 2016 and 2017
- The Business Rates Retention Scheme and Local Council Tax Reduction Scheme in April 2013
- Council tax thresholds – Introduction of a 2% or £5 threshold
- Council housing – the HRA self-financing regime, ending the housing subsidy system and giving councils more freedom and flexibility
- Devolution deals that result in additional responsibilities and funding from Government
- Business rates 100% retention pilots in several areas nationally.

### Fair Funding Review

The Government's Fair Funding Review will address concerns about the fairness of current funding distributions to local authorities.

Implementation was previously linked with the 100% business rate retention system with a 2019/20 implementation date. However, the target date for implementation of both Business Rate Retention system reforms and the Fair Funding review has been rescheduled to 2020/21.

The Fair Funding Review will set new baseline funding allocations, deliver an up to date assessment of relative needs and examine the relative resources of local authorities. The review will also determine transitional arrangements in implementing the new system from 2020/21.

The Government intends to develop the review through close collaboration with local government, seeking views through periodic consultations along the way.

NWLDC will monitor the review as it progresses and respond to all consultations.

With the review in its early stages and currently focusing on relative need, there is very little by way of assumptions in respect of the impact of the review from 2020/21.

Currently, our MTFS projects that Revenue Support Grant will be phased out following the last year of grant (confirmed through the four year settlement) in 2018/19.

Similarly, we know that a business rate baseline reset is likely to be implemented with the outcome of the review in 2020/21. This reset could reduce our retained business rate income by an estimated £1 million from 2020/21.

Within the MTFS we have assumed that this full baseline reset is implemented in full, in 2020/21, but at the level of business rate income received in 2018/19.

The Fair Funding Review has not yet shared any detail about potential transitional arrangements during the reduction in business rate income due to the baseline reset, so we have not included any assumptions within the MTFS. The reduction in our business rate income is therefore assumed in the MTFS to be implemented in full from 2020/21. Whilst we understand that this is likely the worst case scenario, we believe it prudent and in line with our ambitions around self-sufficiency.



## 5. Council funding

### Council funding

We are required to account for the council's spending and income in a way that satisfies Government regulations and we include most day-to-day spending and income within an account called the General Fund.

The General Fund includes spending and income from a range of services including refuse collection, leisure facilities and community development work. Some housing-related elements are also included within the General Fund, such as homelessness and maintaining the housing register.

As we own our council housing stock, we must also maintain an additional account called the Housing Revenue Account (HRA), where income and expenditure relating to providing council housing is maintained separately from other functions.

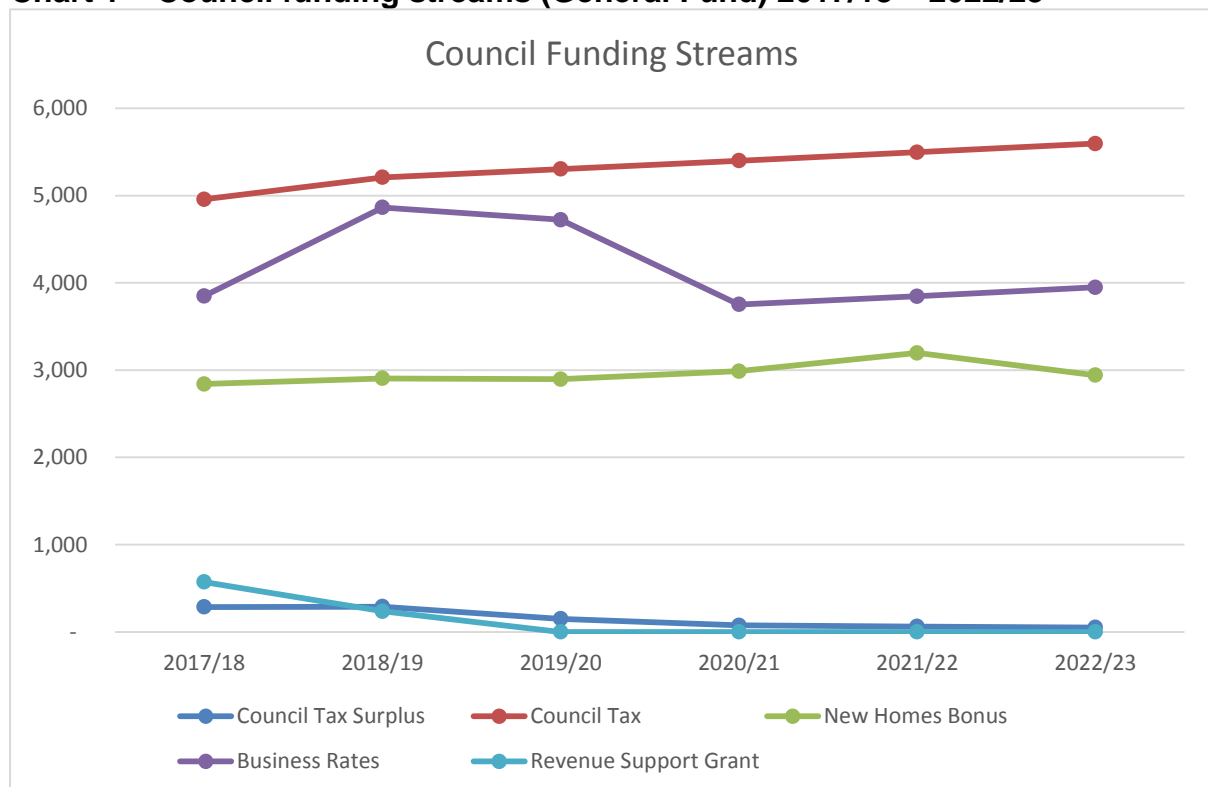
The main sources of funding available to finance revenue expenditure for the General Fund and Housing Revenue Account are shown below.

### General Fund

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

The chart below plots the budgeted funding levels for the General Fund to 2022/23.

**Chart 1 – Council funding streams (General Fund) 2017/18 – 2022/23**



## **Revenue Support Grant**

Funding from Revenue Support Grant (RSG) has been reducing year on year and the Government announced in the Autumn Statement 2015 that it will disappear by 2019/20.

NWLDC is set to receive its final payment of RSG in 2018/19 of £235,000, before it reduces to nil in 2019/20.

## **Business Rates Retention Income**

The level of business rates yield has a direct impact on the council's funding, with both the risks and rewards of business rate growth and contraction currently being shared between central Government and local authorities, with 40% being retained by NWLDC.

To manage this risk and maximise the potential amount of business rates that are retained within Leicestershire, all of its councils have entered into a business rates pooling arrangement where a percentage of business rates collected by each council goes into a pool. The financial surplus or deficit is shared between the councils and a proportion of the surplus is distributed to the Leicester and Leicestershire Enterprise Partnership (LEEP).

There are more than 3,200 business units in North West Leicestershire, including some big international distribution units and East Midlands Airport. Seventeen of these units currently have a rateable value of over £1 million.

The budgeted income figure of £4.9 million for 2018/19 is based on the growth levels set out in planning documents and by the Revenues and Benefits Partnership, and an announcement made by the Government in mid-January that reduced the tariff that we are required to pay against business rates meaning that we retain more in 2018/19.

North West Leicestershire has seen significant increases in retained business rates income, increasing by £2 million over the last five years.

Business rates income will represent 35% of our total core funding in 2018/19.

Although we now know (following the Government's announcement in mid-January) that we will pay less in tariff in 2018/19, we do not know whether our tariff will reduce in future years. Our MTFS therefore assumes that we will pay the level of tariff from 2019/20 and beyond, that we expected to before the Government announced the amendment to the 2018/19 tariff. We will revise this assumption when more information is made available. Chart 2 below shows a slight drop in business rate income in 2019/20 as a result of this. We will update our assumptions once we have more detail surrounding these future projections.

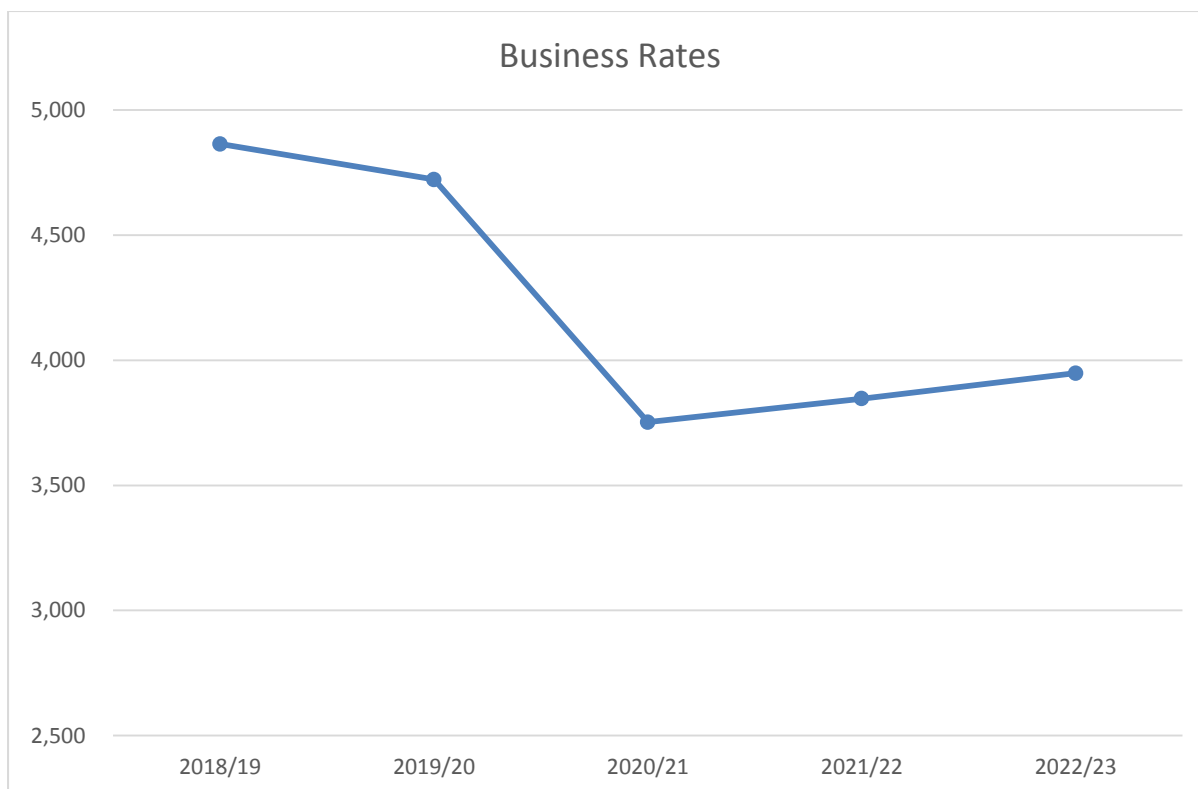
If a full baseline reset from 2020/21 is implemented in full without any transitional arrangements as part of the Fair Funding Review, there is a real threat to ongoing and uninterrupted delivery of services. We do acknowledge, that transitional arrangements are likely to be agreed, but at this stage of the Fair Funding Review we have no details of the likely value or time period in which they might be available.

From 2020/21 there will be a move towards business rate retention, with the local share moving from 50% to 75%. The Government is yet to determine when the full 100% business rate retention system will be implemented, with this being announced along with the baseline setting in late 2019 as part of the conclusion of the Fair Funding Review.

The chart below illustrates the potential impact of the business rate baseline reset, assuming that the baseline is implemented in 2020/21 at the 2018/19 level of income, and that there are no transitional arrangements associated with the implementation of the review.

As detailed above in section 4, we understand that this cliff edge drop in our business rate retained income is unlikely, but in the absence of any further detail of transitional arrangements we believe it is prudent to plan on the basis of this forecast decrease.

## **Chart 2 - Business rates forecasts**



### **New Homes Bonus (NHB)**

The NHB scheme provides local councils with funding that can be used to support any council activity or service.

The amount received is based on the average council tax band on each additional property built in the council's area; or on each long term void property that is brought back into use. It is paid for the following four years as a legacy payment. The funding is shared between district and county councils on an 80/20 ratio respectively.

The Government has previously consulted on changes to the NHB scheme, and implemented a reduction in legacy payments from six years to four years from April 2017, alongside a delivery baseline of 0.4%, which councils need to exceed before bonus payments are triggered.

In autumn 2017, the Government consulted again on further reforms to NHB with a view to increasing the baseline from 0.4% and reducing bonus payments for homes built on appeal. In the Autumn 2017 Budget, the Secretary of State for the Department of Communities and Local Government confirmed that these changes would not go ahead, but also stated clearly that the Government reserved the right to adjust the baseline in the future.

The threat of a future adjustment to the baseline above its current 0.4% level continues to present a financial risk to NWLDC since the required level of investment in the local economy and infrastructure would not be achieved and this in turn will not support further housing growth potential.

The assumption in the MTFS is that NHB is maintained on four year legacy payments for housing delivery above the 0.4% baseline, in line with our housing growth assumptions for council tax purposes. No allowance has been made for changes through reform at this stage, pending further confirmation of the Government's intentions.

## **Council tax**

The council levies council tax on all properties in the district. AS our largest funding stream, council tax will only increase in importance following the removal of the RSG and if further changes to the NHB and business rates funding streams go ahead. Currently council tax accounts for approximately 40% of the council's funding.

The council has maintained its policy to freeze council tax since 2010. The benefit to a Band D household to the 2017/18 financial year is a saving of £119.67. The income foregone by the council over this period (based on the council tax base for each year and the compound impact of the freeze year on year, net of council tax freeze grant paid by the Government between 2010 and 2015) is £3.16 million.

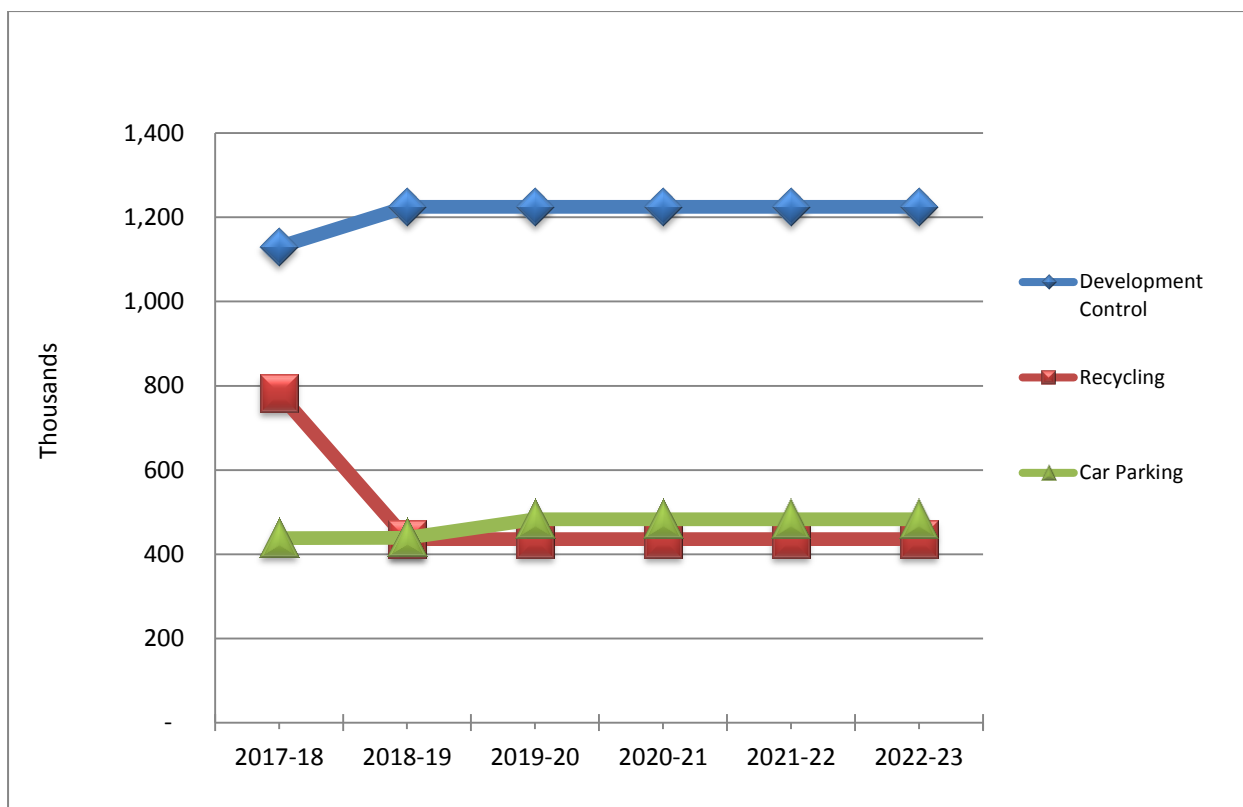
The assumption within the MTFS is that the council will maintain its policy to freeze council tax.

The current growth in council tax income is purely based on the number of new homes being built into the base each year.

The MTFS is based on an increase of around 600 homes per annum which gives us a cumulative increase of approximately £82,000 on our council tax every year. This is a prudent assumption, as growth has typically averaged 700 properties per year since 2014 and our housing trajectory forecasts are strong in respect of growth in the future.

## **Major income streams**

### **Chart 3 –major income streams (General Fund)**



Wherever possible and acceptable, we look to generate additional income to boost our funding levels and help us achieve our strategic priorities and provide essential services.

Our major income streams are planning fees, recycling and car parking.

The MTFS assumes a plateau in planning fees from 2018/19, with £1.2 million budget reflecting an increase of 20% on our planning fees.

Recycling income stands at £436,000 per year and is based on the council collecting and selling 6,570 tonnes of recyclable materials.

Car parking income stands at approximately £440,000 per year. Charges have not been increased for the last six years. Car parking is a non-profit making service and any surpluses income is invested back into the service. This strategy assumes that car parking income will increase to £483,000 in 2019/20 and remain stable over the remaining period of this MTFS.

A key element of the self-sufficiency programme will be to diversify our income streams by identifying commercial opportunities. This could be through offering existing services to businesses and other public sector organisations, like grounds maintenance for example.

### Council tax surplus

All council tax due in the North West Leicestershire area is collected by NWLDC and paid into a Collection Fund. From here the shares due are paid to Leicestershire County

Council, Leicestershire Police, Leicestershire Fire and Rescue Service, and town and parish councils. These are known as 'precepting' authorities. The NWLDC share is transferred from the Collection Fund to our General Fund.

The Collection Fund account makes sure that surpluses or deficits are taken into account when setting future council tax rates, and are proportionately shared amongst the precepting authorities.

## **Housing Revenue Account**

### **Rental income**

The major source of income for the Housing Revenue Account is rental income in respect of council housing.

Our housing stock includes around 4,200 tenants' homes, with associated garages and hardstanding, and a limited number of commercial shop premises. The number of properties fluctuates annually as we build and acquire new homes, and dispose of properties either through the Right To Buy scheme or asset management decisions.

Rental income is budgeted at £17 million for 2018/19, with council home rents being set in line with the Governments 'social rents' policy.

The annual rent increase / decrease process is also controlled through Government policy using the Housing Benefit subsidy system to ensure it is followed. The current rent increase / decrease policy covers the period from April 2016/17 to April 2019/20 and requires a decrease of 1% every year. The Government has announced that the subsequent five year period will see rents increase by CPI + 1% from April 2020/21 onwards.

With the development of new housing by the council and the acquisition of gifted homes through section 106 planning agreements, the council has started making use of the facility to charge 'affordable rents,' which are higher than social rents and are set at 80% of market rent levels.

### **Service charges**

In addition to the rent, some tenants pay an additional charge for services only they receive, such as communal area grounds maintenance and lighting / heating in communal areas.

Service charge levels are adjusted annually and are set to make sure we recover our full costs plus a management fee (currently 15%). We collect in excess of £500,000 every year from service charges to more than 1,200 tenants.

### **Other income**

As well as rent and service charges, we provide a number of additional services tenants can choose to receive, such as contents insurance and lifeline support.

These charges are not part of the tenancy agreement and are therefore not eligible for Housing Benefit payments. Income from these additional sources is used to pay for providing them and any surplus is available for reinvestment within the HRA.

## **Reserves**

We are required to maintain adequate financial reserves to meet the needs of the authority.

The reserves we hold can be classified as either working balances – known as the ‘general reserves’ - or as specific reserves that are earmarked for a particular purpose – known as ‘earmarked reserves’. We can also name reserves that are kept for a specific purpose.

General Fund and Housing Revenue Account reserves must be maintained and held separately, in line with Government legislation.

Reserves are predominantly categorised as follows (with balances shown as at 31 March 2017):

- **General Fund Reserve (£2.4 million)** - The General Fund Reserve is not held for a specific reason or committed to any specific project.

It is generally recommended to hold a balance which is equivalent to 10% of the council’s net budget. For NWLDC, this is approximately £1.5 million (if we used the maximum forecast budget position to 2023).

From April 2018 we will transfer the excess reserve balance that is £1.5m (or 10% of the net revenue budget forecast to 2023 if it is higher than £15m) to a new Self Sufficiency Reserve. We will pay any future surpluses generated on the General Fund into this reserve.

- **Special Expenses Reserve – (£60,000)** – The Special Expenses Reserve is held as the working balance on Special Expense areas..
- **Housing Revenue Account (HRA) Reserve (£1 million)** - This i reserve is an agreed minimum working balance for the HRA.
- **HRA Loan Redemption Reserve (£8.6 million)** - This reserve balance is gradually being increased to pay off loans which were taken out in relation to HRA self-financing settlement in 2012.
- **Earmarked Reserves – General Fund and HRA (£10.5 million)** - The council holds reserves that are earmarked for a particular purpose and are set



aside to meet known or predicted future expenditure in relation to that purpose.

- **Capital Receipts Reserve (£5.2 million)** - This reserve holds the proceeds from sales of our assets - mainly council housing stock sold under the Right to Buy regulation. Part of the funding arrangements for the capital programme is the disposal of surplus assets to generate capital receipts.

The Asset Management Strategy review assets before they are sold to assess whether there are alternative uses that could generate additional income for the council e.g. whether there is a development opportunity instead.

The council revises its Asset Management Strategy to make sure all its assets are used effectively and efficiently and where opportunities arise to take advantage of market conditions to dispose surplus assets

- **Major Repairs Reserve (£600,000)** - The Major Repairs Allowance (MRA) represents the estimated long-term average amount of capital spending required to maintain housing stock in its current condition. It is calculated according to the profile of the housing stock. The Major Repairs Reserve is the accumulation of this allowance and is held specifically to be spent on the housing stock.
- **Capital Grants/S106 Funds (£1 million)** - These are S106 grants that have been received by the council and have conditions attached to them. They normally stipulate the projects / areas where the grant should be spent.

The table below summarises the council's reserves position as at 31 March 2017.

**Table 1 – Council reserves (at March 2017)**

	£000
General Fund Reserve	2.4
Special Expenses Reserve	0.06
HRA Reserve	1
HRA Loa Redemption Reserve	8.6
Earmarked Reserves (General Fund and HRA)	10.5
Capital Receipts Reserve	5.2
Major Repairs Reserve	0.6
Capital Grants / s106	1.0
<b>Total reserves</b>	<b>29.36</b>

As detailed above, we will create a new 'Self-Sufficiency' reserve at the end of April 2018 using the surplus reserves above the minimum balance of £1.5 million (or 10% of net budget to 2023, whichever is highest). This currently equates to £900,000. We will also transfer the forecast surplus arising on the 2017/18 year (estimated to be £1.86 million at period 9, 2017/18) into this reserve, taking the total anticipated level of Self-Sufficiency reserve to £2.76 million in April 2018.

We will transfer any future surpluses generated from 2018/19 and beyond into the Self-Sufficiency reserve. Given the projected surpluses in 2018/19 and 2019/20, this will take the projected Self-Sufficiency reserve to £3.1 million at April 2020 (see section 7 below).

This reserve will be used to fund commercial initiatives to generate future revenue returns and minimise the forecast deficits arising in future years. If necessary, the reserve can also be used to balance forecast deficit years.

### **Capital**

Capital expenditure involves acquiring, creating or enhancing fixed assets with a long term value to the council, like buildings and land.

Our Capital Programme is resourced through a combination of Government grants, third party funding, developer contributions (section 106), unsupported borrowing, capital receipts from the disposal of assets, and contributions from revenue and reserves.

More detail on our Capital expenditure plans can be found in Section 7.

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The actual amount of funding that will be received over the period of this MTFS is subject to estimates both in terms of the growth in housing and also the future of business rates payments that will be retained by the council.

Securing the best value for money for the council tax payer is a key objective of the MTFS and has been a major factor in managing the reducing resources available.

Our overall strategy makes use of any method to identify ways that we can meet the projected budget deficits in 2020/2021. This will form our journey to self-sufficiency programme. In general this will incorporate a combination of:

- Reducing our overall expenditure
- Increasing opportunities to increase income through a more commercial approach
- Reviewing contracts and making better use of procurement
- Identifying opportunities to collaborate and share services with partners
- Using reserves and 'one off' funding to lessen the impact on services or to front load the development of new business models.

### **Self Sufficiency**

This MTFS sets self-sufficiency targets for future years. These targets are designed to safeguard our financial position against future central Government funding changes whilst also maximising the use of Government grant collected.

We currently set our 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 Government's policy intentions regarding devolution, it is recommended that the council seeks to reduce its reliance on Government grants in the future.

The two grant areas of focus for this target are RSG and NHB.

- From 2019/20, NWLDC will receive nil RSG. We are waiting for further detail of the outcome of the Fair Funding Review, which will determine any future RSG payments for the council.
- As detailed in section 5 above, we anticipate that there may be future reforms to the New Homes Bonus that will reduce the amount we receive.

Whilst incorporating the NHB within the baseline budget, we have used this funding to incentivise growth through our regeneration and economic development activities. We will continue to identify specifically how the fund contributes to growth within the district.

From 2018/19, we will operate a reserve that will contribute to our journey to self-sufficiency. As detailed above in section 5, the projected forecast surplus arising on

the 2017/18 outturn and future years will be added to the General Fund Reserve balance in excess of the minimum working balance to create the Self Sufficiency reserve. It is anticipated that the balance of this reserve will be £2.76 million in April 2018 following confirmation of the outturn of the 2017/18 year.

This Self Sufficiency reserve will support a change programme that will aim to meet the projected deficits and will contain a number of work streams managed using Prince 2 project management methodology.

The development of new ways of working and review of services to reduce expenditure will take time, but a well-planned programme of change will ensure we are able to manage the reductions in 2020/2021 whilst minimising the impact on services and our customers.

The reserve may also be used to counteract future deficit years, thereby ensuring financial resilience and enabling us to continue to meet our obligation to deliver a balanced budget. However the reserve must be used to instigate change in either the way services are provided or the way income is generated to ensure the transformation is sustainable.

In addition, we will aim to reduce our reliance on NHB by 25% by 2023, with a phased in savings target of 6.25% per year from 2019/20. In reality, the council will still receive this funding (should it be paid as projected in this MTF5), but will have greater autonomy in deciding how it is spent, rather than budgeting to receive the NHB in full to fund its core expenditure.

The programme of change to support the journey to self-sufficiency will include a number of value for money measures to promote and provide value for money, and reduce the projected deficit in later years. These include:

- Identifying service improvement and efficiency savings
- Effective corporate procurement mechanisms
- Performance management – reporting to Cabinet quarterly
- An organisational structure that is kept under review to ensure it meets the needs of the organisation
- Scrutiny by the Policy Development Group
- Internal audit
- Capturing efficiency gains in-year.

Our Self-Sufficiency programme is currently in development and will identify and work towards a number of initiatives and actions that will result in savings. The actions within the Self-Sufficiency programme will include:

- Review our services and partnerships through a transformation programme to identify new ways of working and reduce our expenditure
- Review how we use our assets and rationalise our asset base to maximise our revenue position. This will include managing assets differently, disposing of assets that do not provide value for money and acquiring new assets that will give us an ongoing revenue return

- Review all our contracts and our approach to procurement to ensure that our contracts are agreed and managed in a way that maximises efficiencies and reduces our expenditure
- Consider the best use of our accommodation and other work spaces
- Maximising the return on our investments
- Review our current level of taxes, fees and charges with a view to maximise income
- Develop a commercial mind-set and strategy to ensure we behave more commercially and seize opportunities that present themselves to reduce costs and increase income
- Improve the way we align resources to our priorities held within the Council Delivery Plan using the Business Excellence Model and service / team planning
- Continue to maximise opportunities for new ways of working collaboratively which could reduce expenditure and increase income, for example by working with different service delivery models such as shared services, to reduce our expenditure
- Continue to develop our organisation through our People Plan, which will enable us to grow the skills of our staff in line with the 21 century public servant
- Put Customers at the heart of our Council - encourage the use of digital interaction and transform our approach to customer service

### **Developing a commercial mind-set**

A key theme running through the work needed to deliver our outcomes is behaving more commercially. We need to be able to identify areas where there may be commercial opportunities to generate additional income or contribute towards our priorities.

A move towards a more commercial approach to income generation has been included within the redesign of the council's senior management structure agreed on 23 January 2018, which established a strategic lead for developing and championing our commercial approach.

The new approach will include a review of our investments, contracts and procurement and risk appetite. The focus will enable us to:

- **Increase understanding of the commercial world**  
In order to operate in a more commercial environment, it is necessary to understand the culture, language, techniques and approach which exists and how opportunities can be optimised.
- **Understand potential market opportunities**  
Legislation provides a wide set of options to enable opportunities to be optimised, however, these opportunities need to be identified and

the market and competitors understood in order to put the necessary actions in place.

- **Understand regulatory framework**

The opportunities available and constraints imposed need to be better understood to ensure that the council does not exceed its powers whilst understanding the structures necessary to optimise the range of opportunities.

Our People Plan will support the development of commercial skills within the organisation to enable staff to identify and develop business cases and opportunities to reduce expenditure and increase income.

### **Align resources to our priorities**

So far we have addressed the need for financial savings by reducing staffing levels and hence reducing budgets. Over this MTFs period, we need to continue to align and allocate resources with the priorities and outcomes set out in the Council Delivery Plan and to essential services to ensure we are entirely focussed on those things that are most important to us.

### **Collaborative working**

Leicestershire's local authorities are working together on a number of key areas which will deliver benefits from strategic planning, infrastructure development and the local economy.

As finances shrink within organisations there is a driver to work collaboratively to share costs and manage the reductions in expenditure with the minimum impact on the community. Identifying opportunities to share resources, maximise the use of our assets or deliver services jointly will be a key thread of our journey to self-sufficiency.

### **Put customers at the heart of what we do**

The transformation of our approach to customer service is an important part of our next phase of development and is inextricably linked to the need to ensure that our resources are being used to their best effect.

Customers need to be at the heart of our organisation. Customer Services, and the way that other services interact with it, must have a clear approach to managing demand and reducing our overheads by encouraging people to self-serve and to do business with us online. This means our staff will be able to support the more vulnerable and needy in our communities.

An ICT strategy has been developed that sets out a long term vision of how ICT will support our business requirements, future vision, customers and members. The strategy outcomes include:

- A fully-funded ICT plan that supports new, more efficient, sustainable, flexible, and customer-focused ways of working
- An organisation with the right ICT infrastructure and level of resilience
- A workforce with the right ICT tools and skills required to provide services effectively and efficiently.

We know that there will always be some customers who need to speak to us because of the nature of their needs, so they will always be able to reach us in the traditional ways. Our goal is to design our services for those people who wish to and can do their business with us digitally.

Redesigning our services and customer access is a significant and ambitious programme of work that needs to receive a new focus and serve as a catalyst to drive wider organisational change.

## **General Fund**

The Medium Term Financial Plan for the General Fund projects our financial position to 2023, including a forecast deficit over this period of £5.3 million.

The projections are based on a set of assumptions. A number of scenarios could be modelled, based on different assumptions of growth and funding streams.

The assumptions included within this MTFS are prudent and do not currently reflect any potential actions to address the future funding position.

The most significant movement is the reduction in retained business rates income as a result of the business rate baseline reset in 2020/21 (see section 5). The assumptions regarding business rates are prudent and will be reviewed once more detail is understood regarding the implications of the Fair Funding Review, including any transitional measures to ease in the re-set. The full set of assumptions can be found in Appendix 1.

The information below details the forecast deficits to 2023 and also demonstrates the impact of the inclusion of additional self-sufficiency targets (as detailed in Section 6), of 25% of the value of NHB currently used to provide core services.

### **Five year forecasts**

A forecast surplus of £300k is anticipated for 2018/19.

A surplus of £79k is projected for 2019/20 and future deficit years are forecast from 2020/21 as a result of increasing cost pressures and the significant forecast reduction in retained business rate income (arising as a result of the resetting of the business rate baseline as detailed in Section 5).

It is important to bear in mind that the assumptions regarding this reduction in business rate income do not currently include any transitional measures to phase in the reduction, which are likely to be developed through the Fair Funding Review.

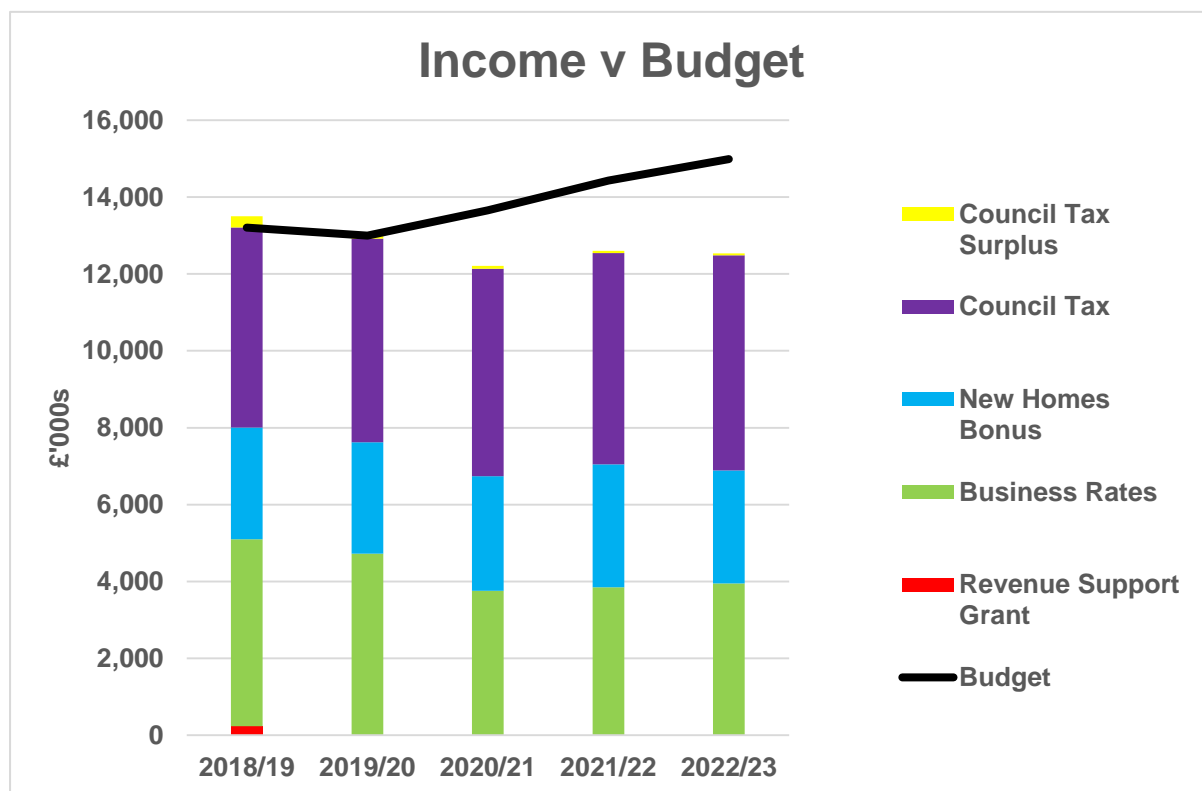
In the absence of such assumptions, the reduction is therefore felt in full in 2020/21 in this MTFS. We anticipate that the Government will introduce such mitigation measures and once we understand some detail regarding this, will revise this MTFS and the future financial projections.

We have also assumed that the level of tariff paid against business rates in 2019/20 remains at the level in which we had estimated before the Government announced that our tariff would be reduced for 2018/19. This is because we do not yet have any information regarding tariffs for 2019/20 and beyond.



The chart below illustrates the anticipated funding and expenditure position, clearly showing how our anticipated expenditure is expected to increase alongside reducing funding.

**Chart 4 – Funding vs budgeted expenditure**



The resultant surplus / (Deficit) position for 2018/19 to 2022/23 (assuming that no actions are undertaken to address the projected position) is detailed below in Table 2.

In fulfilling our statutory requirement to deliver a balanced budget, these deficit years represent the value of savings or income generation that must be identified.

**Table 2 – Forecast General Fund in-year position \***

	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
<b>Surplus/(Deficit)</b>	<b>299</b>	<b>79</b>	<b>(1,444)</b>	<b>(1,828)</b>	<b>(2,451)</b>	<b>(5,346)</b>

\* Subject to rounding

As detailed above, we will create a new Self-Sufficiency reserve to invest in initiatives that will transform the organisation and create new revenue income streams. Surpluses projected in 2018/19 and 2019/20 will be transferred into the Self-Sufficiency reserve.

The reserve could also be used to balance future deficit years.

Table 2 below shows the exhaustion of the Self Sufficiency reserve by mid-2021/22, where the remaining £1.694 million self-sufficiency reserve is used to counteract the in year deficit in 2021/22 of £1.828 million.

Despite use of the reserve, an anticipated £2.5 million of savings would still need to be made once the Self-Sufficiency reserve (forecast £2.76 million at April 2018) is offset against predicted balance of surplus and deficits to 2023 of £5.3 million.

This shows the importance of maximising our income generating opportunities for ongoing self-sufficiency using this self-sufficiency reserve, rather using it to balance a future deficit year only.

**Table 3 – Illustration of use of Self-Sufficiency Reserve to fund General Fund in-year future deficits \***

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Balance of Self Sufficiency Reserve brought forward</b>	<b>2,760</b>	<b>3,059</b>	<b>3,138</b>	<b>1,694</b>	<b>0</b>
<b>Surplus/(Deficit)</b>	<b>299</b>	<b>79</b>	<b>(1,444)</b>	<b>(1,828)</b>	<b>(2,451)</b>
<b>(Contribution to)/Use of Self Sufficiency Reserve</b>	<b>(299)</b>	<b>(79)</b>	<b>1,444</b>	<b>1,694</b>	<b>0</b>
<b>Balance of Self Sufficiency Reserve carried forward</b>	<b>3,059</b>	<b>3,138</b>	<b>1,694</b>	<b>0</b>	<b>0</b>

\* *Subject to rounding*

### **Five year forecasts – including self-sufficiency targets**

As detailed in Section 5, we aim to reduce our reliance on Government grant.

We already know that we will not receive any Revenue Support Grant from 2019/20. Although we will continue to receive New Homes Bonus payments, we are aware that the Government may change the structure of the scheme and our grant could therefore reduce in the future.

The inclusion of Self-Sufficiency targets therefore introduce a value-driven target based on 6.25% of the value of NHB currently used to provide core services each year from 2019/20 – 2022/23.

These targets, added to the predicted deficits as detailed in table 1, increase the savings targets, as detailed in the table below.

**Table 4 – Forecast General Fund in-year position and self-sufficiency targets \***

	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
<b>Deficit</b>	<b>299</b>	<b>79</b>	<b>(1,444)</b>	<b>(1,828)</b>	<b>(2,451)</b>	<b>(5,346)</b>
<b>Self Sufficiency Target</b>	<b>0</b>	<b>(137)</b>	<b>(287)</b>	<b>(469)</b>	<b>(558)</b>	<b>(1,451)</b>
<b>Total</b>	<b>299</b>	<b>(58)</b>	<b>(1,731)</b>	<b>(2,298)</b>	<b>(3,009)</b>	<b>(6,797)</b>

\* *Subject to rounding*

A robust assessment of how the self-sufficiency reserve will contribute to the potential deficit will be developed and presented for members consideration during the early part of the 2018/19 year.

As detailed in Section 6 of this strategy, our Self-Sufficiency programme will develop a programme of actions to respond to the financial challenges we face and address the projected deficit position and additional self-sufficiency targets as detailed in table 4.

To illustrate our anticipated level of savings to be achieved by our Self-Sufficiency programme, the table below details the savings that we are aiming for over this period alongside the anticipated use of part of the Self-Sufficiency reserve to balance any further deficits.

This table is for illustrative purposes only and is subject to the development of a formal Self-Sufficiency programme which will be considered by members in early 2018/19. The Self-Sufficiency programme will include full equality impact assessments of all proposals and be subject to public consultation as part of 2019/2020 budget proposals.

**Table 5 – Illustration of savings to be achieved to 2023 \***

	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Total Savings Required	299	(58)	(1,731)	(2,298)	(3,009)	(6,797)
Self-Sufficiency Programme Savings			731	1499	3009	5,239
Use of Self-Sufficiency Reserve to balance budget		58	1,000	500		1,558
<b>Total Savings made/use of reserve</b>	<b>0</b>	<b>58</b>	<b>1,731</b>	<b>1,999</b>	<b>3,009</b>	<b>6,797</b>

\* *Subject to rounding*

As detailed above, the financial projections and resultant savings targets do not currently take account of any transitional measures that the Government is expected to introduce in order to phase in the reduction of business rate income. We anticipate therefore that the level of self-sufficiency savings required by 2023 will be lower than presented in this MTFS.

## **Housing Revenue Account (HRA)**

This MTFS uses information from the Housing Revenue Account Business Plan cash flow model to forecast both revenue and capital income and expenditure projections in relation to the council's landlord activity over a 30 year planning period.

As part of the introduction of HRA self-financing in 2012, the council borrowed a portfolio of fixed rate repayment and annuity loans from the Public Works Loan Board (PWLB) to fund a £77 million one off payment to Government. Details of this loan portfolio are shown in Table 5 below.

This loan allowed the council to leave the national housing subsidy system and retain all rental income from tenants' rents in the future. This retained rental income is used to provide housing services and repay debts. The HRA operates with a minimum working balance of £1 million, which is considered an appropriate level of contingent revenue reserve.

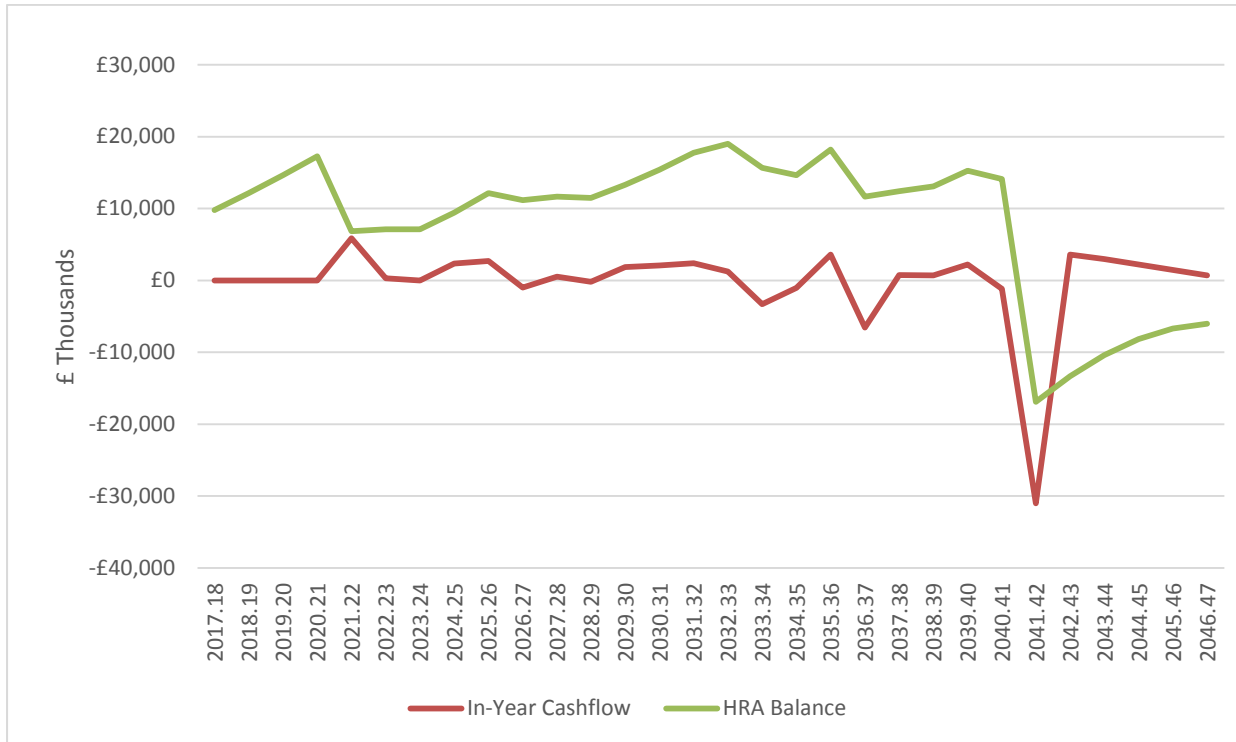
Part of the HRA self-financing regime was the introduction of a 'debt cap', which specified the maximum level of debt each council could incur against their HRA activities. The debt cap for NWLDC remains set at £90.3 million, and with current debt levels of circa £74 million we have 'headroom' or borrowing capacity of up to £16.3 million available.

Despite adhering to the Government's revised 1% rent decrease policy, there are no funding shortfalls predicted by the HRA Business Plan cash flow model over the initial five year detailed planning period. During this period provision will be built up in the loan repayment reserve to ensure we have adequate capacity to repay loans of £13 million, which are due to mature in 2022, and transfer revenue to capital to ensure our new build and home improvement programme can be fully funded.

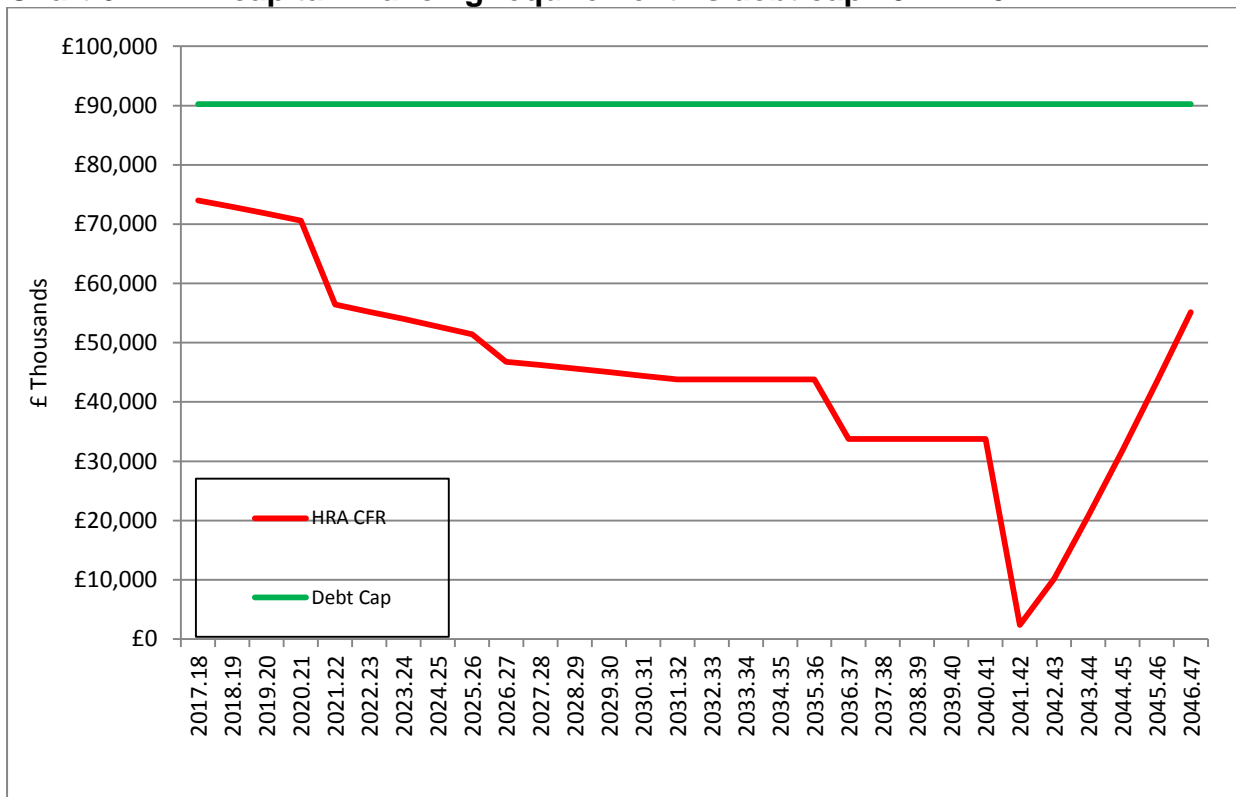
The HRA business plan cash flow model is driven by a series of assumptions made on future expenditure and income trends. These assumptions are regularly reviewed and updated to ensure they reflect current market forecasts. The list of key assumptions can be found in Appendix 2.

Subsequent charts illustrate the forward forecast revenue cash flow position (Chart 5) and level of debt (Chart 6) for the HRA over the next 30 years.

**Chart 5 – HRA revenue 2017 - 2047**



**Chart 6 – HRA capital financing requirement vs debt cap 2017 - 2047**



**Table 5 – HRA debt portfolio**

Loan type	Principal	Loan period (years)	Interest rate
Maturity (2022)	10,000,000	10	2.4
Maturity (2022)	3,000,000	10	2.4
Annuity	10,000,000	15	2.02
Annuity	10,000,000	20	2.57
Maturity (2037)	10,000,000	25	3.44
Maturity (2042)	13,785,000	30	3.5
Maturity (2042)	10,000,000	30	3.5
Maturity (2042)	10,000,000	30	3.5
	<b>76,785,000</b>		

The repayment of maturity loans of £33.8 million in 2042 is currently projected to generate a negative balance situation on the forward forecast, with further negative balances in subsequent years. The projected shortfall in 2041/42 is £2.36 million followed by a further £59.36 million by the end of the 30 year period in 2047/48. The total of these sums is £62 million between 2041 and 2048.

Given that this projected issue is 25 years from being realised, careful financial forward planning in the intervening years will be required to ensure this is addressed. Options to address this include:

- Annual revenue savings
- Revised market conditions generate additional income / lower cost forecasts
- Disposal of assets to generate additional income
- Refinancing debt through borrowing.

Given the length of time before this situation is realised, detailed planning is not considered necessary, although the issue will be reviewed annually to reassess the scale of the challenge.

### **Capital strategy and planned programme**

The Capital Strategy is being presented alongside the Capital Budget on 6 February 2018. The strategy sets out the council's priorities and approach to capital investment and the framework within which capital investment is planned, procured, prioritised, managed and funded.

The table below shows the five year planned capital programme for 2018/19 to 2022/23, together with information on the funding of that expenditure (i.e. borrowing, grants and contributions, use of earmarked revenue reserves and usable capital receipts reserve).

**Table 6 – Capital Programme 2018 – 2023 \***

	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>TOTAL £'000</b>
General Fund and Special Expenses	3,187	14,280	9,612	1,761	908	<b>29,748</b>
HRA	10,085	7,268	4,909	5,142	7,959	<b>35,363</b>
<b>TOTAL BUDGET</b>	<b>13,272</b>	<b>21,548</b>	<b>14,521</b>	<b>6,903</b>	<b>8,867</b>	<b>65,111</b>
Funded by:						
Revenue	50	50	50	50	2,999	<b>3,199</b>
Reserves	5,548	2,309	43	369	387	<b>8,656</b>
S106's	0	381	200	200	200	<b>981</b>
Disabled Facilities Grant	573	573	573	573	573	<b>2,865</b>
Capital receipts	1,684	4,369	1,534	1,471	1,346	<b>10,404</b>
MRA	3,127	3,164	3,132	3,102	3,077	<b>15,602</b>
Unsupported borrowing	2,290	10,702	8,989	1,138	285	<b>23,404</b>
<b>TOTAL FUNDING</b>	<b>13,272</b>	<b>21,548</b>	<b>14,521</b>	<b>6,903</b>	<b>8,867</b>	<b>65,111</b>

\* *Subject to rounding*

### **Treasury Management Strategy**

The capital and revenue budget plans inform the development of our Treasury Management and Investment strategies and performance indicators, which are agreed annually as part of the budget setting report.

The Treasury Management Strategy sets out borrowing forecasts, investment strategies and counterparties and limits to minimise the risk that is inherent in treasury management activities.

The strategies contained within the Treasury Management Strategy Statement are reviewed annually to ensure alignment to the council's priorities and the MTFS.

### **Unsupported (self-financing) borrowing**

Councils can borrow to provide new assets, invest in community facilities and services, and maintain assets. They can also borrow to invest in new funding models that will both provide new assets and deliver a rate of return.

Borrowing will only be taken where it achieves the council's priorities and outcomes, such as the sport and leisure project.

## 8. Risk

There are limitations to the degree to which we can produce medium term financial projections as there are always uncertainties. It is important to remember that these financial forecasts have been produced within a dynamic financial environment based on ever changing assumptions; and that they will be subject to change over time.

In setting the revenue and capital budgets, we take account of the key financial risks that may affect our plans and these are included in the council's Corporate Risk Register, which is regularly monitored by Cabinet. An awareness of the potential risks and the robustness of the budget estimates also inform decisions about the level of working balances needed to provide assurance that we have sufficient contingency reserves to meet unforeseen fluctuations and changes.

There are a number of key risks associated with the assumptions within the MTFS including delivery of economic growth, the potential wider implications of the Government's welfare reform agenda, NHB reform and most importantly the wide-ranging changes to the business rate funding.

### **Revenue Budget Strategy**

The approach taken to financial management over the period of the MTFS seeks to achieve the following objectives:

- Keep council tax as low as possible
- Deliver budgets necessary to continue to live within our means
- Continuously improve efficiency by transforming the ways of working
- Continue to ensure that the financial strategy is not reliant on contributions from minimum working balances
- Maximise revenue from our assets and investments.



## 9. Monitoring, delivery and review

Financial planning is a continuous process and the need for constant monitoring of our current and future financial position is heightened now more than ever before as a result of the risks associated with the Government's Fair Funding review and future potential for reforms of New Homes Bonus.

There are already well established processes monitoring budgets which include regular monitoring and outturn reports to Cabinet.

This MTFS covers the five year period from 2018/19 to 2022/23. An updated rolling five year MTFS is presented to members annually alongside the forthcoming years' draft budget for approval. The MTFS presents refined future years savings targets, in line with the Government's annual finance settlement and budget announcement.

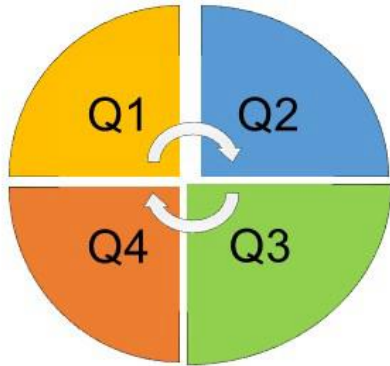
In Quarter 1 of each year (following the Government's Spring Statement), the MTFS is reviewed and updated as necessary. Members are presented with the impact of any significant assumptions changes for future projections.

Throughout the year, members are also be updated with progress made on measures to meet our savings targets.

In early 2018/19 we will undertake an assessment of how the Self-Sufficiency Reserve will contribute to the potential deficit. This will be presented to members.

The diagram below illustrates the fiscal cycle for the MTFS.

Diagram 1 – MTFS planning cycle



# MTFS planning cycle

## Q1

The Government issues its Spring Statement.

We review the MTFS with this in mind and make any changes to our forecasts and assumed changes.

## Q2

In quarter two, we focus on addressing any savings targets (current and future).

## Q3

The Government announces its Budget in September each year.

This announcement starts the process for developing our budget for the next financial year.

## Q4

We update the MTFS with our draft budget and present this to members.

We review our financial performance against our previous predictions and feed this back to members.

Members also receive an update on our financial progress against any savings targets.

Members formally approve the MTFS and we adopt it.

Members also make decisions about how to mitigate any funding gaps in the coming year.

**Our financial planning is a continuous process.**

**The two main Government budget announcements – the Spring Statement and the Budget – lead our financial planning process.**

**We keep members updated throughout the year on the council's financial position.**

**At key points in the year, members are asked to make important budgetary decisions – the main ones being approval of the MTFS and deciding on how we will make any savings that are needed.**

**GENERAL FUND REVENUE PROJECTIONS 2018 – 2023**  
**KEY ASSUMPTIONS**

1. Council tax assumed at 0% increase to the council tax base per annum
2. Estimates of council tax base increase of 1.8% every year (broadly 600 homes each year) which impacts on council tax base and NHB. Note that the average increase since 2014 has been in the region of 700 new homes per year
3. Stabilisation of planning fees from 2018/19 at £1.2 million per annum
4. Stable car parking charges and income
5. Local Council Tax Reduction / Support Scheme grant to town and parish councils reducing by £25,000 (approximately 25%) each year over four years, and maintain Special Expenses at their current levels
6. Pay award in line with Local Government Pay Offer, with 3% built in for 2019/20 and 2% each year thereafter, pending a detailed redesign of the council's existing pay structure
7. Pensions and national insurance costs inflated at anticipated levels to 2023.
8. Non pay costs inflated from 2018/19 levels at 2.8% to 2023
9. Base budget inflated for 2023 to 2028 at 5% each year to encapsulate all budget pressures
10. General Fund Reserve balance maintained at a targeted level of £1.5 million to broadly reflect 10% of net expenditure to 2023
11. Collection fund surplus reduced from £289,000 in 2018/19 with incremental decreases year on year until 2022/23 where an assumption of £50,000 surplus is assumed
12. Return on investments at previously achieved performance level of 0.44%, with no additional targets included for commercial activity such as a Local Housing Company or investment into property funds
13. Apprenticeship levy of 0.5%
14. Full business rate baseline reset in 2020/21 at the 2018/19 level of business rates collected, with no transitional measures upon implementation of the Fair Funding Review
15. That we will create a Self Sufficiency Reserve of £2.76 million from £900,000 of existing general fund reserves and the forecast 2017/18 surplus of £1.86 million and that surpluses generated in future years (as projected in section 7) will be paid into this reserve.
16. That we will maintain a minimum General Fund working balance will be maintained at the higher of £1.5 million or 10% of net expenditure to 2023
17. That our reliance on New Homes Bonus as part of our core budget will be reduced by 25% by 2023 after it has funded regeneration activities and services, phased in incrementally at 6.25% per year over four years from 2019/20
18. That the council saves £200,000 every year in corporate overheads from 2019/20 and receives £250,000 income each year in a management fee on outsourcing it's leisure centres in March 2019. Additional interest and minimum revenue provision (repayment of internal debt) is also factored in from 2020/21
19. RSG is phased out in 2018/19
20. 75% Business Rate Retention system implemented in 2020/21
21. Tariff on business rates income in line with Government announcement in respect of 2018/19. 2019/20 and beyond assumed at anticipated level before the announcement in respect of 2018/19. These projections will be updated once firmer detail is understood.
22. The General Fund Capital Programme is fully funded

**HOUSING REVENUE ACCOUNT PROJECTIONS 2018 – 2023**  
**KEY ASSUMPTIONS**

Key operational assumptions:

1. Rents to follow Government rent policy (1% reduction till 2019/20 then CPI + 1% increases)
2. Surplus balances on the HRA to be transferred to the loan repayment reserve to repay loans
3. HRA revenue budget to increase by RPI (currently forecast at 2.5% every year).
4. The rent loss performance on empty homes to be sustained at 1% for the life of the plan
5. The level of sales through the Right to Buy scheme projected to be between 43 and 30 every year
6. 68 new homes will be added to the housing stock during 2018/19, at affordable rent levels.
7. The HRA Capital Programme is full funded.

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN**

**APPENDIX 3**

	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>	<b>2020/21 Budget £000</b>	<b>2021/22 Budget £000</b>	<b>2022/23 Budget £000</b>
<b>Expenditure</b>					
Base Budget	12,466				
Indicative Base Budget (based on services assessment)		12,289	12,965	13,738	14,277
Assumed Base Budget (5% increase year on year)					
Regeneration activities funded via NHB	738	705	693	693	709
<b>Total Budget before Savings/Surplus</b>	<b>13,204</b>	<b>12,995</b>	<b>13,658</b>	<b>14,432</b>	<b>14,987</b>
<b>Savings</b>					
(Deficit)/Surplus	299	79	(1,444)	(1,828)	(2,451)
Self Sufficiency Target		(137)	(287)	(469)	(558)
Total Savings Target	299	(58)	(1,731)	(2,298)	(3,009)
<b>Total Final Expenditure Budget</b>	<b>13,503</b>	<b>12,936</b>	<b>11,928</b>	<b>12,134</b>	<b>11,977</b>
<b>Funding</b>					
Revenue Support Grant	235	0	0	0	0
Business Rates	4,864	4,722	3,752	3,847	3,948
New Homes Bonus	2,905	2,896	2,987	3,197	2,941
Council Tax	5,210	5,305	5,400	5,497	5,596
<b>Council Tax Surplus</b>	<b>289</b>	<b>150</b>	<b>75</b>	<b>63</b>	<b>50</b>
Total Funding	13,503	13,073	12,214	12,603	12,535

**HRA BUSINESS PLAN MODEL PROJECTIONS**

**APPENDIX 4**

<b>Year</b>	<b>2018.19</b>	<b>2019.20</b>	<b>2020.21</b>	<b>2021.22</b>	<b>2022.23</b>
<b>£ Thousands</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>INCOME:</b>					
Rental income	17,153	16,997	17,174	17,358	17,568
Void losses	(136)	(172)	(173)	(175)	(177)
Service charges	523	536	550	563	577
Non-dwelling income	93	42	21	22	22
Grants and other income	285	301	308	316	324
<b>Total income</b>	<b>17,918</b>	<b>17,704</b>	<b>17,879</b>	<b>18,084</b>	<b>18,314</b>
<b>EXPENDITURE:</b>					
General management	(2,284)	(2,343)	(2,401)	(2,461)	(2,523)
Special management	(649)	(665)	(682)	(699)	(716)
Other management	0	0	0	0	0
Rent rebates	0	0	0	0	0
Bad debt provision	(98)	(100)	(101)	(102)	(104)
Responsive and cyclical repairs	(5,573)	(5,702)	(5,833)	(5,968)	(6,114)
<b>Total revenue expenditure</b>	<b>(8,604)</b>	<b>(8,810)</b>	<b>(9,018)</b>	<b>(9,231)</b>	<b>(9,457)</b>
Interest paid	(2,277)	(2,252)	(2,226)	(2,198)	(1,862)
Finance administration	(8)	(9)	(9)	(9)	(9)
Interest received	84	141	252	204	116
Depreciation	(3,103)	(3,146)	(3,116)	(3,088)	(3,065)
<b>Net operating income</b>	<b>4,009</b>	<b>3,628</b>	<b>3,762</b>	<b>3,763</b>	<b>4,039</b>
<b>APPROPRIATIONS:</b>					
FRS 17 / other HRA reserve adjustments	(2,906)	(2,500)	(2,608)	16,266	0
Revenue provision (HRACFR)	(1,103)	(1,128)	(1,154)	(14,180)	(1,206)
Revenue contribution to capital	0	0	0	0	(2,557)
<b>Total appropriations</b>	<b>(4,009)</b>	<b>(3,628)</b>	<b>(3,762)</b>	<b>2,086</b>	<b>(3,763)</b>
<b>ANNUAL CASHFLOW</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>5,849</b>	<b>275</b>
Opening balance	1,000	1,000	1,000	1,000	6,849
<b>Closing balance</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>6,849</b>	<b>7,125</b>
<b>Other HRA reserve balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HRA debt repayment reserve</b>	<b>11,158</b>	<b>13,658</b>	<b>16,266</b>	<b>0</b>	<b>0</b>
<b>HRA new build reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

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	<p>Councillor Nick Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@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 Team Manager / Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a></p>
Purpose of report	For Cabinet to agree the 2018/19 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 27 February 2018.
Reason for Decision	To enable the Council to set a balanced budget for 2018/19 as required by statute.
Council Priorities	The budget assists the Council to achieve all its priorities.
<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>Transformational Government</p>	<p>As contained in the report.</p> <p>The budget is relevant to all Corporate Action Teams (CATs).</p> <p>The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.</p> <p>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.</p> <p>None identified.</p> <p>Not applicable</p>

Comments of Head of Paid Service	The report is satisfactory
Comments of Deputy Section 151 Officer	As report author the report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team, 14 November 2017 Cabinet, 12 December 2017 Policy Development Group, 10 January 2018 Trade Unions Federation of Small Businesses Parish and Town Councils
Background papers	None.
Recommendations	<p><b>CABINET IS RECOMMENDED TO :</b></p> <ol style="list-style-type: none"> <li><b>1. THAT THE ASSURANCE STATEMENT BY THE DEPUTY S151 OFFICER BE NOTED</b></li> <li><b>2. APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2018/19 SUMMARISED IN APPENDIX B</b></li> <li><b>3. APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2018/19 AS SUMMARISED IN APPENDIX C</b></li> <li><b>4. THAT IT FREEZES THE DISTRICT'S COUNCIL TAX IN 2018/19</b></li> <li><b>5. THAT £900k OF GENERAL FUND RESERVES IS USED TO CREATE A NEW SELF-SUFFICIENCY RESERVE AND THE FORECASTED SURPLUS INCOME OVER EXPENDITURE IN 2017/18 IS ALSO TRANSFERRED TO THE SELF SUFFICIENCY RESERVE</b></li> <li><b>6. THE BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2018/19 IS TRANSFERRED TO THE SELF SUFFICIENCY RESERVE</b></li> </ol>



## **1.0 INTRODUCTION**

- 1.1 The draft General Fund budget proposals for 2018/19 were considered and approved for consultation by Cabinet on 12 December 2017. The reports were subsequently shared with a number of groups including the Policy Development Group on 10 January 2018. An extract from the minutes of the meeting, which include comments made by members in respect of the proposals are include in Appendix D for Cabinet consideration.
- 1.2 This report summarises any changes made since the last Cabinet report and presents the responses to the budget consultation so that final recommendations can be made to Council on 27 February 2018.
- 1.3 The draft budget presented within this report has been prepared in the context of the continuation of the Governments four year settlement and the provisional Local Government Finance Settlement issued in December 2017 in respect of funding. Budget holders own projections have been used to ascertain the level of required expenditure budgets and locally generated income forecasts.
- 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 variances between budgeted and outturn position. This new approach has also projected the revenue position for 2019/20 to 2023/24 for indicative purposes only, and this information is presented alongside the budget for 2018/19
- 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 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. In December, the successful pilots were announced and unfortunately on this occasion, the Leicestershire bid was not successful.
- 1.7 Upon reviewing the forecast performance of the Leicester and Leicestershire Business Rate Pool, the Deputy Section 151 Officer, on consultation with the Chief Executive and Portfolio Holder for Finance, has confirmed the Council's intention to continue as a Pool member for 2018/19. Through membership of the Pool, in the region of £2.3m of business rate funding collected in North West Leicestershire will be retained within Leicestershire via a contribution made by the Pool to the Leicester and Leicestershire Economic Partnership (LLEP), rather than the funds being given back to central Government in the form of a levy payment.
- 1.8 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 which reflects the balances brought forward from 2016/17.
- 2.2 The third quarter Performance Report due to be considered by Cabinet in March and will presents outturn projections for the current year. A surplus of £1.86m 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 and recycling 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 £1.86m compared to a budget of £934k.
- 2.4 Forecast income in respect of Business Rates has increased by £1.2m, due to changes in forecasts in the required appeals provision for 2017/18 (as a result of settled, unsuccessful and withdrawn appeals) and the resultant additional income released into the 50% retention system as a result of this. The forecast for business rates would have been higher, however a number of adjustments have been made to the level of gross rates collectable as a result of rateable value reductions (settled appeals). In addition, recycling income is forecast to be £122k more than budgeted, additional council tax and business rates summons income is forecast to be £32k more than budgeted, a reduction on pooled transport costs for the waste service (£77k) and Building Control fee income forecast to be £35k more than budgeted.
- 2.5 The favourable movements have been offset by a number of adverse movements, which include: a reduction in forecast planning fee income (£300k); a reduction in industrial unit rental income (£37k); an increase in the net deficit of the Leisure centres (£159k); an increase in ICT equipment maintenance (£143k); an increase in Digital Transformation costs (£26k) as a result of extending project team secondments; an increase of £22k on Planning Policy relating to agency costs arising on alignment with HMRC regulations.
- 2.6 The forecast uncommitted balance on the General Fund at 31 March 2018 is therefore, a forecast surplus of £4.26m, subject to the proposals detailed in this report to create a self-sufficiency reserve, which will leave a balance of £1.5m in general fund reserves (see 8 below).

## **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 for 2018/19 compared to 2017/18 of £1.6m, made up of a number of budgetary pressures (increased expenditure or reduced income) and savings (increased income or reduced expenditure).
- 3.3 Since presentation of the draft budget to Cabinet in December, the following changes have been made:
- 3.3.1 Pay Award**  
At the beginning of December 2017, the Local Government Employers 2 year pay offer was announced. The offer is a 2% pay award in 2018/19 and further increases for 2019/20, dependant on the grading of staff. A provision of 1% was originally included in the draft budget. This has been increased to 2% for 2018/19 with the overall impact on to the General Fund being an additional £203k, taking the total impact to £325k.
- 3.3.2 Interest Received**  
Further work to estimate the Council's forecast cashflow and target rate to be achieved on investments has meant that the estimate for interest on balances receivable has increased by a further £37k in addition to the £32k included in the draft budget.
- 3.3.3 Planning Fee Income**  
As part of the Government's Budget announcement in December, it was confirmed that Planning Local Authorities were now able to increase their planning fees by 20% with effect from 17<sup>th</sup> January 2018, subject to the additional income being used to discharge planning functions. The budget has therefore been increased by £200k to reflect this 20% fee increase. The draft budget in December presented a proposed reduction of £100k, the final proposal therefore is an increase to the base budget of £100k.
- 3.3.4 Self-Build and Brownfield Register Grant**  
Confirmation has been received since the December Cabinet that a Government grant to cover the costs of developing the Self Build and Brownfield Register of £45k will be received in 2018/19.
- 3.3.5 Planning Service**  
Funding for two new posts to strengthen the Council's position in respect of enforcement planning - Compliance Officer and part time Planning Enforcement Officer at a total cost of £46k.  
A further £179,000 forecast additional costs upon restructuring the Planning service.
- 3.3.6 De-minimus service developments**  
Additional service developments and budgetary pressures of £20k and below, identified following the December Cabinet meeting, totalling £93k.
- 3.3.7 Net Financing Costs**  
Further analysis undertaken following the December Cabinet report have identified that the net financing costs for 2018/19 will represent an additional cost of £27k (as opposed to a saving).

### **3.3.8 Net recharges from the General Fund**

Recharges from the General Fund have reduced by £27k, taking the total increase from the 2017/18 budgeted position to £86k.

- 3.4 A summary of the updated proposals showing the movement from the 2017/18 budgeted position can be found in Appendix A.

## **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 was announced on the 22 December 2017 which confirmed the level of New Homes Bonus, Revenue Support Grant and the tariff and levy charges against business rates to be retained by the Council. Since the settlement announcement, there has been further changes to the tariff charged against our business rates income. Due to the timing of this announcement on 18 January, the revised resultant business rate income has not been updated in the draft budget, although it is anticipated that these changes will mean that business rate income will increase.
- 4.3 For 2018/19 there is an estimated increase in total funding of £998k. A summary of the estimates for 2018/19, can be found in the Budget Summary for 2018/19, Appendix B.
- 4.4 Business Rates Retention affects councils as the level of business rates yield has a direct impact on the Council's funding, with both the risks and rewards of business rate growth and contraction currently being shared between central government and local authorities, with 40% being retained by the Council. 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.
- 4.5 The budgeted level of retained business rate income for 2018/19 is £4.9m. This estimate includes forecast growth between this period and the end of the 2017/18 financial year and for 2018/19. The budgeted level of income reflects the anticipated level of rates to be collected in 2018/19, offset against the increased tariff, levies and set aside of additional appeals provision for the 2018/19 year. For 2018/19 the appeals provision is forecast to increase by £764k. The assumed level of growth in rates collected is £1.9m, offset by the removal of on commercial premises anticipated to be removed from the rating list at a value of £700k. From 2020/21 that there will be a move towards business rate retention, with the local share moving from 50% to 75%. The Government is yet to determine when the full 100% business rate retention system will be implemented, with this being announced along with the baseline setting in late 2019 as part of the conclusion of the Fair Funding review. Further details of these proposals can be found in the Medium Term Financial Strategy 2018 – 2023.

- 4.6 Following an announcement made by Government in mid-January that has amended the amount of tariff that must be paid from business rates. Our budgetary position for 2018/19 reflects this change.
- 4.7 The Council Tax Collection Fund is monitored throughout the year and the forecast surplus will be available from the 2017/18 collection fund towards next year's budget. The budget for 2018/19 has increased by £4k from £285k to £289k.
- 4.8 The budgeted level of Council tax income has increased by approximately £252k, from £4.96m for the 2017/18 year to £5.2m for the 2018/19 year. 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 increase in collected council tax is therefore a direct result of the upwards movement in the council tax base used to estimate the number of homes within North West Leicestershire for council tax setting purposes. For the 2018/19 year, growth estimates in respect of the number of new of properties liable for council tax have also been included which represent £105k worth of the upward movement in council tax. These properties have been identified and monitored by the Council's Planning Policy team and the Revenues and Benefits Partnership, and included in the council tax base calculation at parish level at assumed bandings, before conversion to Band D equivalents. This is a new approach for 2018/19 and will be monitored closely throughout the year.
- 4.9 The level of New Homes Bonus for next year was confirmed as part of the Governments provisional local government finance settlement announced in December. The Council will receive £2.9m next year.
- 4.10 The level of Revenue Support Grant that the Council will receive was also confirmed in the provisional settlement. The Council will receive £235k in 2018/19.

## **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 £299k surplus. The draft Budget Summary for 2018/19 can be found in Appendix B.

## **6.0 INDICATIVE DRAFT BUDGET POSITION 2019/20 - 2022/23**

- 6.1 Included in Appendix B for illustrative purposes only is the forecast revenue budget position for 2019//20 to 2022/23. These estimates have been developed by budget holders across the Council, taking into consideration known budgetary changes and assumed inflationary increases. These estimates are then included as the Council's forecast base budget within the Medium Term Financial Strategy.
- 6.2 Specifically, following the Council decision in November 2017 to outsource the Council's two leisure centres, these forecasts include the removal of expenditure within the Community Services directorate. This includes an increase in the net financing costs representing the increase in minimum revenue provision and interest costs on internal and external borrowing, the reduction in service management recharges of £200k per annum from 2019/20 and a prudent assumed income of £250k per annum representing the anticipated management fee that will be paid by the operator to the Council.

## **7.0 MEDIUM TERM FINANCIAL STRATEGY**

- 7.1 The Council's Medium Term Financial Strategy 2018 – 2023 (MTFS) is presented to members as a separate agenda item at this meeting for approval.
- 7.2 The MTFS is part of a new approach which will allow members to plan 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.
- 7.3 The MTFS has been updated following announcement of the provisional local government settlement for 2018/19 and is presented to Cabinet and Council in February alongside budgets for approval. The MTFS provides the potential likely impact of the outcome of the Fair Funding review (anticipated top take effect from 2020/21) and the 100% business rate retention scheme, alongside proposals to increase the self-sufficiency by reducing the reliance on government grants in future years.

## **8.0 SELF SUFFICIENCY RESERVE**

- 8.1 It is seen as good practice to hold a balance which is equivalent to 10% of a council's net budget. This equates to approximately £1.3m at the 2018/19 budgeted level for NWLDC
- 8.2 Noting the buoyant level of General Fund reserves as detailed in paragraph 5.1 it is proposed that some of this reserve is held specifically for the purpose of balancing the forecast budget deficits arising on the General Fund from 2020/21 as detailed in the Medium Term Financial Strategy.
- 8.3 It is therefore proposed that £900k of the existing £2.4m of general fund reserves is moved to a Self Sufficiency reserve for the purposes of creating the self-sufficiency reserve and that the forecast surplus of £1.86m for 2017/18 is also paid into this reserve.
- 8.4 The reserve will assist the Council in ensuring that it meets its obligation of delivering an ongoing balanced budget by ensuring that there is sufficient resources available to deliver the change programme required to counteract future projected deficit years.
- 8.5 This ensures a minimum working balance of £1.5m held within the General Fund reserve which is in excess of 10% the anticipated level of net expenditure to 2022/23 (as detailed in Appendix B).

## **9.0 SPECIAL EXPENSES**

- 9.1 The forecast outturn for 2017/18 in respect of Special Expenses budget is £500k at quarter 3 compared to a budget of £499k. Subject to this outturn, the balance brought forward will reduce from £64k to £63k at 31 March 2018.
- 9.2 For 2018/19, the expenditure budget has increased by £20k as a result of service management increases (£14k), grounds maintenance increases (£5k), events (£4k), offset by increased cemetery income (£3k).

9.3 During 2018 there will be a review of the special expenses budgets and the way in which they operate to ensure future sustainability.

## **10.0 CONSULTATION**

10.1 There were no responses or comments received from the trade unions, Town & Parish Councils and the Federation of Small Businesses. The Cabinet paper of 12 December 2017, containing the draft budget proposals were presented to the Policy and Development Group on 12 January 2018. The comments of the Policy Development Group are included in an extract of the draft minutes attached at Appendix D.

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

11.1 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.

11.2 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.

11.3 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
Increase in investment income	£69,000
Reduction in DFG contribution	£93,000
Reduction in Local Council Tax Support	£25,000
Removal of provisions with base budget	£132,000
Increased Planning Fee income as a result of increasing by 20%, net of forecast reduction	£100,000
Self-Build and Brownfield Register Government Grant	£45,000
Increase in recharges from the General Fund	£86,000
<b>Total</b>	<b>£606,000</b>

**Increased Expenditure/ Reduction in Income**

<b>Title</b>	<b>Value</b>
Local Plan review costs	£120,000
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 £325,000</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>	£878,000
Budget provision to support improvements identified through the Annual Governance Statement	£20,000
Compliance Officer and Planning Enforcement Officer	£46,000
Additional costs of Planning Service following proposed restructure	£179,000
Increase in Net Financing costs	£27,000
Other de-minimus changes (below £20k)	£93,000
<b>Total</b>	<b>£2,240,000</b>



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

**APPENDIX B**

2017/18	2017/18		2018/19	2019/20	2020/21	2021/2022	2022/23
Budget	Forecast	Service	Budget	Indicative	Indicative	Indicative	Indicative
£	Outturn		£	£	£	£	£
	@P9						
	£						
277,360	253,660	Chief Executive	283,930	285,770	292,740	299,890	307,210
395,020	440,200	Human Resources	403,010	416,620	427,580	438,880	450,470
653,320	659,800	Economic Development	737,890	705,400	693,340	693,320	709,390
7,750	8,400	Joint Strategic Planning	8,080	8,420	8,670	8,930	9,200
112,200	68,570	Director of Resources	112,310	116,450	119,600	122,820	126,130
2,467,140	2,290,640	Legal & Support Services	2,517,880	2,616,070	2,676,660	2,766,470	2,828,690
2,004,450	2,199,010	Finance	2,729,540	2,806,820	2,930,680	3,052,040	3,179,070
		Savings in corporate overheads/increase in income as a result of leisure outsourcing		(200,000)	(200,000)	(200,000)	(200,000)
<b>5,917,240</b>	<b>5,920,280</b>	<b>Total Chief Executive's Department</b>	<b>6,792,640</b>	<b>6,755,550</b>	<b>6,949,270</b>	<b>7,182,350</b>	<b>7,410,160</b>
346,540	331,951	Director of Services	341,360	350,520	359,890	369,510	379,360
4,432,530	4,356,839	Community Services	5,196,910	4,854,720	5,019,490	5,201,340	5,352,010
482,940	502,470	Strategic Housing	485,310	505,480	523,280	537,530	552,180
300,440	638,450	Regeneration & Planning	434,910	436,100	367,270	409,490	602,880
		Anticipated income from leisure outsourcing			(250,000)	(250,000)	(250,000)
<b>5,562,450</b>	<b>5,829,710</b>	<b>Total Director of Services</b>	<b>6,458,490</b>	<b>6,146,820</b>	<b>6,019,930</b>	<b>6,267,870</b>	<b>6,636,430</b>
10,090	47,060	Non Distributed - Revenue Expenditure on Surplus Assets	9,580	9,660	9,720	9,790	9,860
77,400	120,430	Non Distributed - Retirement Benefits	77,810	80,060	82,380	84,770	87,230
45,310	35,280	Corporate & Democratic Core	44,600	42,990	45,740	44,380	47,160
<b>11,612,490</b>	<b>11,952,760</b>	<b>NET COST OF SERVICES</b>	<b>13,383,120</b>	<b>13,035,080</b>	<b>13,107,040</b>	<b>13,589,160</b>	<b>14,190,840</b>
(1,187,020)	(1,231,840)	Net Recharges from General Fund	(1,273,160)	(1,194,050)	(1,193,660)	(1,193,390)	(1,193,110)
<b>10,425,470</b>	<b>10,720,920</b>	<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>12,109,960</b>	<b>11,841,030</b>	<b>11,913,380</b>	<b>12,395,770</b>	<b>12,997,730</b>
		<b>CORPORATE ITEMS AND FINANCING</b>					
		<b>Corporate Income and Expenditure</b>					
1,053,104	1,053,104	Net Financing Costs	1,080,408	1,153,627	1,770,203	2,086,303	2,039,349
(76,000)	(135,899)	Investment Income	(145,300)	(114,022)	(114,022)	(114,022)	(114,022)
167,821	167,821	Localisation of Council Tax Support Grant - Parish & Special Expenses	139,081	113,889	88,696	63,503	63,503
0	0	Various Chief Executive items (Annual Governance Statement improvements)	20,000	0	0	0	0
<b>11,570,395</b>	<b>11,805,946</b>	<b>NET REVENUE EXPENDITURE</b>	<b>13,204,149</b>	<b>12,994,524</b>	<b>13,658,257</b>	<b>14,431,554</b>	<b>14,986,560</b>
934,465	1,862,958	Contribution to/(from) Balances/Reserves	298,604	78,706	(1,443,948)	(1,828,266)	(2,451,203)
<b>12,504,860</b>	<b>13,668,904</b>	<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>13,502,753</b>	<b>13,073,231</b>	<b>12,214,309</b>	<b>12,603,288</b>	<b>12,535,356</b>
		<b>Financed By</b>					
572,000	572,670	Formula Grant	235,000	0	0	0	0
2,840,452	2,840,452	New Homes Bonus	2,904,589	2,896,005	2,986,620	3,196,544	2,940,857
284,880	284,880	Transfer from Collection Fund	289,160	150,000	75,000	62,500	50,000
4,957,528	4,957,528	Council Tax	5,209,670	5,304,747	5,400,232	5,497,436	5,596,390
3,850,000	5,013,374	National Non-Domestic Rates Baseline	4,864,334	4,722,479	3,752,457	3,846,808	3,948,109
<b>12,504,860</b>	<b>13,668,904</b>	<b>TOTAL FUNDING AVAILABLE</b>	<b>13,502,753</b>	<b>13,073,231</b>	<b>12,214,309</b>	<b>12,603,288</b>	<b>12,535,356</b>

**SPECIAL EXPENSES BUDGET SUMMARY**

**APPENDIX C**

SPECIAL EXPENSES	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23
	Budget	Forecast Outturn @ P9					
	£	£	£	£	£	£	£
<b>COALVILLE</b>							
Parks, Recreation Grounds & Open Spaces	263,400	268,326	266,690	271,840	277,960	282,700	287,520
Broomley's Cemetery	19,210	12,264	14,960	14,890	14,790	14,700	14,600
C/V War Memorials/Grass Verge Cutting	16,220	16,753	16,420	16,700	16,990	17,290	17,590
One Off Grants	2,000	2,000	2,000	2,060	2,120	2,180	2,240
CV Public Conveniences & Vehicle Activated Signs	500	500	550	570	590	610	630
Coalville Events	55,110	60,240	58,960	60,240	58,840	60,490	62,180
	<b>356,440</b>	<b>360,083</b>	<b>359,580</b>	<b>366,300</b>	<b>371,290</b>	<b>377,970</b>	<b>384,760</b>
<b>WHITWICK</b>							
Cemetery	11,650	11,097	13,580	13,590	13,580	13,560	13,540
Grass Verge Cutting	630	627	640	650	660	670	680
	<b>12,280</b>	<b>11,724</b>	<b>14,220</b>	<b>14,240</b>	<b>14,240</b>	<b>14,230</b>	<b>14,220</b>
<b>HUGGLESCOTE</b>							
Cemetery	17,140	21,150	17,660	17,780	17,890	17,990	18,080
	<b>17,140</b>	<b>21,150</b>	<b>17,660</b>	<b>17,780</b>	<b>17,890</b>	<b>17,990</b>	<b>18,080</b>
<b>PLAY AREAS/CLOSED CHURCHYARDS GROUNDS MAINTENANCE:</b>							
OSGATHORPE	360	359	370	380	390	400	410
COLEORTON	3,330	3,337	3,390	3,440	3,490	3,540	3,590
RAVENSTONE	360	359	370	380	390	400	410
MEASHAM	1,900	1,901	1,930	1,960	1,990	2,020	2,050
LOCKINGTON-CUM-HEMINGTON	1,870	1,870	1,900	1,930	1,960	1,990	2,020
OAKTHORPE & DONISTHORPE	3,880	3,876	3,940	4,000	4,060	4,120	4,180
STRETTON	1,360	1,362	1,380	1,400	1,420	1,440	1,460
APPLEBY MAGNA	1,640	1,637	1,660	1,680	1,710	1,740	1,770
<b>OTHER SPECIAL EXPENSES</b>	<b>14,700</b>	<b>14,701</b>	<b>14,940</b>	<b>15,170</b>	<b>15,410</b>	<b>15,650</b>	<b>15,890</b>
<b>SPECIAL EXPENSES (NET COST OF SERVICE)</b>	<b>400,560</b>	<b>407,658</b>	<b>406,400</b>	<b>413,490</b>	<b>418,830</b>	<b>425,840</b>	<b>432,950</b>
Service Management recharges	92,560	92,560	106,270	107,920	109,590	111,280	113,000
<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>493,120</b>	<b>500,218</b>	<b>512,670</b>	<b>521,410</b>	<b>528,420</b>	<b>537,120</b>	<b>545,950</b>
Contribution to/(from) Balances/Reserves	5,722	(1,376)	13,930	7,505	2,823	(3,539)	(10,018)
<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>498,842</b>	<b>498,842</b>	<b>526,600</b>	<b>528,915</b>	<b>531,243</b>	<b>533,581</b>	<b>535,932</b>
<b>FUNDED BY:</b>							
Precept	435,339	435,339	463,097	465,412	467,740	470,078	472,429
Localisation of Council Tax Support Grant	63,503	63,503	63,503	63,503	63,503	63,503	63,503
	<b>498,842</b>	<b>498,842</b>	<b>526,600</b>	<b>528,915</b>	<b>531,243</b>	<b>533,581</b>	<b>535,932</b>

EXTRACT of the DRAFT MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Hoult, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Bayliss, J Legrys, T Pendleton, S Sheahan

Officers: Mr J Arnold, Ms T Ashe, Mr C Lambert, Mr J Newton, Mr D Scruton, Ms K Greenbank, Mrs R Wallace and Ms E Warhurst.

### **DRAFT REVENUE BUDGET PROPOSALS, GENERAL FUND AND HOUSING REVENUE ACCOUNT**

# The Financial Planning Team Manager presented the report to Members and highlighted the proposal to not increase council tax for the ninth year. She also informed Members that the Performance Working Group had met earlier in the day to discuss the proposals and comments received were positive.

Councillor J Geary referred to the forecast reduction in CCTV income and asked for further details as to why this was. The Financial Planning Team Manager agreed to provide the information outside of the meeting.

Regarding the Housing Revenue Account rent budgets, Councillor J Geary asked why only 58 percent of properties were at their target rent at the end of October 2017. The Director of Housing explained that when rent targets were introduced nationally, the Council decided to maintain rent at a lower level rather than making increases as other local authorities had, this meant that NWLDC was behind with targets. Now that the Government has stopped local authorities from increasing rent, NWLDC were unable to close the gap.

Councillor D Harrison felt that maintaining zero percent increase in council tax for nine continuous years was a real achievement and was something to be proud of.

Councillor T Eynon raised concerns regarding the potential shortfalls identified for the future and the need for refinancing to address it. The Director of Housing explained that there were many financial variables over the next 25 years and the Council would be paying off significant amounts over the time period. He reassured Members that it was normal practice to refinance and officers were comfortable with the proposals. He added that the figures in front of Members indicated the worst scenario.

Councillor N Smith commented that it was difficult to know what financial position the Council would be in in 25 years' time and was therefore happy with the response from the Director of Housing. He also shared Councillor D Harrison's views on the zero percent increase in council tax and was especially proud that all services had still been retained.

It was moved by Councillor D Harrison, seconded by Councillor V Richichi and

RESOLVED THAT:

- a) The report be noted.
- b) The comments made be fed back to Cabinet when considering the report on 6 February 2018.

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## CABINET – TUESDAY, 6 FEBRUARY 2018

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 454555 <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 2018/19 Housing Revenue Account (HRA) Budget and charges for Rent and Service Charges.
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 the 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 the 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	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team (CLT 14 November 2017), Cabinet (12 December 2017), Tenants Performance and Finance Working Group (10 January 2018), Tenants and Leaseholders Consultation Forum consultation exercise undertaken (13 December 2017 – 12 January 2018), Policy Development Group (10 January 2018).
Background papers	<a href="#">Housing Revenue Account (HRA) Budget Proposals for 2018/19, Cabinet 12 December 2017</a> <a href="#">Draft Revenue Proposals, General Fund and Housing Revenue Account, PDG 10 January 2018</a>
Recommendations	<p><b>A. THAT THE ASSURANCE STATEMENT BY THE DEPUTY S151 OFFICER BE NOTED,</b></p> <p><b>B. THAT THE COUNCIL BE RECOMMENDED TO:</b></p> <ol style="list-style-type: none"> <li><b>1. APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2018/19 BY 1% (AVERAGE OF 79 PENCE PER WEEK).</b></li> <li><b>2. APPROVE THE INCREASE OF 3.9% (25 PENCE PER WEEK) IN GARAGE RENTS FOR 2018/19</b></li> <li><b>3. APPROVE CENTRAL HEATING CHARGES FOR 2018/19 REMAINING AT THE SAME LEVEL AS FOR 2017/18.</b></li> <li><b>4. APPROVE THE AVERAGE INCREASE OF 0.40%% (1.6 PENCE PER WEEK) IN SERVICE CHARGE FOR 2018/19.</b></li> <li><b>5. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 3.9% (£2.04 PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2018/19.</b></li> </ol>

	<b>6. APPROVE MAINTAINING THE LIFELINE CHARGES FOR PRIVATE CUSTOMERS AT THE 2017/18 LEVEL AND INCREASING BY 3.9% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2018.</b>
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## **1.0 INTRODUCTION**

- 1.1 The Housing Revenue Account (HRA) budget for 2018/19 is set out in Appendix A, along with the 2017/18 original and revised forecast outturn for information.
- 1.2 Cabinet considered a draft HRA budget report on 12 December 2017 and this was followed by a report to the Policy Development Group on 10 January 2018. The minutes of the meeting, which include comments made by members in respect of the proposals are include in Appendix E for Cabinet consideration.
- 1.3 The budget has 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 9 shows £338k surplus. This is largely as a result of a saving in Council Tax, resulting from fewer empty properties, additional interest from cash balances and 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 £9.25m 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, hence an estimated £8.25m will be held in the reserve at 31 March 2018.

### **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 budget investment and budget saving proposals for the 2018/19 budget are shown within Appendix A.
- 3.3 Since presentation of the draft budget to Cabinet in December, the following changes have been made:
- Overall impact on the HRA of a higher pay award for 2018/19 -£72k
  - Increase in estimate for interest on balances receivable - £22k
- 3.4 Repairs and maintenance of dwellings expenditure (Appendix A – line 1) in 2018/19 is anticipated to total £5.5m.
- 3.5 Supervision and management expenditure (Appendix A – line 4) in 2018/19 is expected to be £2.7m.
- 3.6 Componentised depreciation for the 2018/19 year has been estimated at £3.1m (Appendix A – line 7).
- 3.7 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
- 3.8 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 now been guidance from DCLG that local authorities will not be liable to make any payments in either 2017/18 or 2018/19. To accommodate the inclusion of the expenditure within the 2017/8 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.
- 3.9 The draft budget for 2018/19 is estimated to produce an operating surplus / deficit of zero, after making the RCCO and a contribution of £2.9m to the debt repayment reserve, which will take total estimated HRA balances at 31 March 2019 to £12.2m. The HRA working balance continue at £1m and the remaining £11.2m will be held in the debt repayment reserve.
- 3.10 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 - £2.5m
  - 2020/21 - £2.6m
  - 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 December 2017, only 59% 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 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.
- 4.6 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.
- 4.7 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.
- 4.8 A number of accounting and budget estimate amendments have been made from 2017/18, and these are 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 0.40%.
- 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 3.1 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 fall due 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 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 £2.36m in 2041/42 and a further £59.36m 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 - £0.0m
- 2022/23 - £2.9m

It is important to note however that there is limited scope to make RCCO's 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 Consultation on the Housing Revenue Account 2018/19 draft budget proposals (as approved by Cabinet on 12 December 2017) has been completed via the Council's website and also via hard copy sent to over 100 involved residents including the Tenants and Leaseholder Consultation Forum (TLCF).
- 7.2 Members of the Performance and Finance Working Group (The Council's Resident Involvement technical finance working group who were consulted on 10 January 2018) were supportive of the recommended proposals.
- 7.3 The formal consultation closed on 12 January 2018, and no written comments were received in respect of the proposals. The TLCF indicated they were supportive of the expenditure being earmarked for the Council's new build programme.
- 7.4 The draft budget was also considered by Policy Development Group on 10th January 2018 and an extract of the relevant parts of the draft minutes are attached at 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**

**HOUSING REVENUE ACCOUNT SUMMARY**

LINE NO.	DETAIL	2017/2018		2018/2019
		Budget £	Forecast (p9) £	Estimate £
	<b>HOUSING REVENUE ACCOUNT</b>			
1.	TOTAL REPAIRS & MAINTENANCE	5,354,970	5,399,790	5,505,420
	<b>SUPERVISION &amp; MANAGEMENT</b>			
2.	General	2,190,720	1,975,820	2,156,750
3.	Special	502,030	535,470	530,830
4.		2,692,750	2,511,290	2,687,580
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	11,176,660	11,433,400
11.	RENT INCOME			
12.	Dwellings	17,109,960	17,202,290	17,029,440
13.	Service Charges	519,460	469,270	512,300
14.	Garages & Sites	85,630	69,940	72,640
15.	Other	21,380	21,320	19,960
16.	TOTAL INCOME	17,736,430	17,762,820	17,634,340
17.	NET COST OF SERVICES	-6,423,130	-6,586,160	-6,200,940
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	-76,550	-83,700
21.	PREMATURE LOAN REDEMPTION PREMIUMS	7,060	7,060	7,060
22.		3,345,370	3,312,680	3,305,530
23.	NET OPERATING EXPENDITURE	-3,077,760	-3,273,480	-2,895,410
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	-337,830	-2,946,140
	<u>HRA BALANCES</u>			
28.	Balance Brought Forward	-1,000,000	-1,000,000	-1,000,000
29.	(Surplus)/Deficit for Year	-142,110	-337,830	-2,946,140
30.	Transfer to Loan Repayment reserve	142,110	337,830	2,946,140
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	-8,250,064	-11,196,204

**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>	

**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	2% IRT Salary Increase	£13,320	G
BI5	HRA	Rent decrease 1%	£171,920	G
BI7	Asset Management	Annual contract increases for Sure Group, Domestic Energy Assessor Group, Capita Openhousing	£19,110	G
BI8	HRA	2% pay award for staff	£31,290	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>£331,040</b>	

COMPARISON OF 2017/18 AND 2018/19 HOUSING CHARGES							
	2017/18		2018/19				
Chargeable Service	Actual 2017/18	Charge	Estimates 2018/19	Increase/ (Decrease)	Percentage Change	Charge	Basis of Increase
Service Charges	£510,288	Varies per property	£512,346	£ 2058	0.40%	Largest weekly increase value:£2.26; Largest weekly decrease value: £1.55	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	£84,550	0 Bed: £6.98pw 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	£84,550	£0	0.00%	0 Bed: £6.98pw 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	Based on market assessment of predicted increases in utility costs during 2017/18 and 2018/19.
Garage & Garage Site Rent (before adjustments to income for void loss)	£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 (before adjustments to income for void loss)	£15,907	Site: £31.19pw	£16,527	£620	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 p.w 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	0.00%	n/a	No increase proposed.
<b>Total Services</b>	<b>£919,149</b>		<b>£929,152</b>	<b>£10,075</b>	1.10%		

NWLDC Housing Revenue Account Loan Schedule

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

Loan Type	Principal	Loan Period (Years)	Interest Rate
Maturity (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>		

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

EXTRACT of the DRAFT MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Houlton, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Bayliss, J Legrys, T Pendleton, S Sheahan

Officers: Mr J Arnold, Ms T Ashe, Mr C Lambert, Mr J Newton, Mr D Scruton, Ms K Greenbank, Mrs R Wallace and Ms E Warhurst.

**26. DRAFT REVENUE BUDGET PROPOSALS, GENERAL FUND AND HOUSING REVENUE ACCOUNT**

The Financial Planning Team Manager presented the report to Members and highlighted the proposal to not increase council tax for the ninth year. She also informed Members that the Performance Working Group had met earlier in the day to discuss the proposals and comments received were positive.

Councillor J Geary referred to the forecast reduction in CCTV income and asked for further details as to why this was. The Financial Planning Team Manager agreed to provide the information outside of the meeting.

Regarding the Housing Revenue Account rent budgets, Councillor J Geary asked why only 58 percent of properties were at their target rent at the end of October 2017. The Director of Housing explained that when rent targets were introduced nationally, the Council decided to maintain rent at a lower level rather than making increases as other local authorities had, this meant that NWLDC was behind with targets. Now that the Government has stopped local authorities from increasing rent, NWLDC were unable to close the gap.

Councillor D Harrison felt that maintaining zero percent increase in council tax for nine continuous years was a real achievement and was something to be proud of.

Councillor T Eynon raised concerns regarding the potential shortfalls identified for the future and the need for refinancing to address it. The Director of Housing explained that there were many financial variables over the next 25 years and the Council would be paying off significant amounts over the time period. He reassured Members that it was normal practice to refinance and officers were comfortable with the proposals. He added that the figures in front of Members indicated the worst scenario.

Councillor N Smith commented that it was difficult to know what financial position the Council would be in in 25 years' time and was therefore happy with the response from the Director of Housing. He also shared Councillor D Harrison's views on the zero percent increase in council tax and was especially proud that all services had still been retained.

It was moved by Councillor D Harrison, seconded by Councillor V Richichi and

RESOLVED THAT:

- a) The report be noted.
- b) The comments made be fed back to Cabinet when considering the report on 6 February 2018.



**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

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 General Fund, Special Expenses and H.R.A Capital Programmes for 2018/19 and to note indications for future years and associated funding.</p>
Reason for Decision	To enable projects to be included in the Programmes and proceed.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.
Implications  Financial / Staff	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	The report is satisfactory.
Comments of Deputy Section 151 Officer	As author of the report, the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Corporate Leadership Team, 14 November 2017 and Budget Holders; Cabinet 12 December 2017 and Policy Development Group 10 January 2018.
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 COUNCIL BE RECOMMENDED TO APPROVE THE 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> <li>• <b>APPENDIX “C” HRA CAPITAL SCHEMES</b></li> </ul> <p><b>AND IN 2019/20 THESE SCHEMES ONLY:</b></p> <ul style="list-style-type: none"> <li>• <b>£600,000 FOR THE VEHICLE REPLACEMENT</b></li> </ul>

	<p style="text-align: center;"><b>PROGRAMME, AS DETAILED IN PARAGRAPHS 3.7 TO 3.7.7</b></p> <p><b>C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES AND DELEGATES THE AUTHORITY TO AWARD THE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS, AS DETAILED IN SECTION 7 (PROCUREMENT ROUTES) OF THIS REPORT.</b></p> <p><b>D. THAT MEMBERS APPROVE THE 2018/19 CAPITAL STRATEGY INCLUDED IN APPENDIX D, IN LINE WITH THE PRUDENTIAL CODE.</b></p>
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## **1.0 INTRODUCTION**

- 1.1 Cabinet considered a the draft Capital Programmes report on 12 December 2017 and this was followed by a report to the Policy Development Group on 10 January 2018. The minutes of the meeting, which include comments made by members in respect of the proposals are include in Appendix E for Cabinet consideration.
- 1.2 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.
- 1.3 The Prudential Code is currently under revision and we will be required to present a Capital Strategy to full Council concurrently with the Capital Programme.
- 1.4 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.
- 1.5 To supplement the Capital Strategy and PPM, the Asset Management Strategy is to be refreshed to ensure that all decision making surrounding the assets of the Authority has a sound basis.
- 1.6 Appendix “A” shows the proposed General Fund Capital Programme for 2018/19 to 2022/23.
- 1.7 Appendix “B” shows the proposed Special Expense Capital Programme for 2018/19 to 2022/23.
- 1.8 Appendix “C” shows the H.R.A. proposed Capital Programme for 2018/19 to 2022/23.
- 1.9 The Appendices also present the estimated outturn for the current year for approval.

- 1.10 There have been two adjustments to the Capital Programme since the previous report presented to Cabinet on 12 December 2017:
- In 2017/18, the 'Memorial Clock Tower' scheme has been included at £120,000 - Cabinet 19 September 2017
  - In 2018/19, following consultation with CLT, the renewed approval for 'North Service Road car Park' scheme has been reduced by £80,250 to £40,000.
- 1.11 In line with Prudential Code 2017 there is a new requirement for members to approve a Capital Strategy alongside the Capital Programme for the forthcoming year. The Strategy sets out the Council's priorities and approach to capital investment and provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe. The draft Capital Strategy can be found in Appendix D.

## 2.0 GENERAL FUND - ESTIMATED OUTTURN 2017/18

2.1 The projected outturn for 2017/18 on General Fund schemes totals £3,836,722. This is a managed increase of £765,801 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 2017/18</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	
Memorial Clock Tower – New item as paragraph 1.9	120,000	
<b>Total</b>		<b>(429,384)</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>765,801</b>
<b>Total Managed Increase Funded by: (Net Position)</b>		
Revenue	2,500	
Value for Money Reserve	3,140	
Other Reserves	221,898	
Other Contributions	399,250	
Internal Borrowing (USB)	139,013	
<b>Total</b>		<b>765,801</b>

The total planned financing of the General Fund expenditure totalling £3,836,722 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	578,778
Unsupported Borrowing - Internal	2,262,045
<b>Total</b>	<b>3,836,722</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)**

Awaiting some narrative from Jason.

##### **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 PC Screens – Bulk replacement (£25,000)

The Council's PC 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 (£450,000)

This item is provisional and is subject to a separate report being submitted to Cabinet for a replacement finance system.

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 (£40,000)**

- 3.6.1 North Service Road Car Park, Coalville (£40,000) – revised as paragraph 1.9  
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 £7,750 is requested. This revised total allocation of £40,000 is to ensure that the identified essential works can be carried out.

### **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.
- 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; (approx £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 (approx £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	2,290,000
<b>Total</b>	<b>3,137,253</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	- 32 homes
Total	= up to 68 homes

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 £29,699,159 and is as follows:

	£
2018/19	3,137,253
2019/20	14,280,489
2020/21	9,612,439
2021/22	1,760,989
2022/23	907,989
<b>Total</b>	<b>29,699,159</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 (£2,290,000) 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	10,084,533
<b>Surplus to be carried forward to 2019/20</b>	<b>2,256,989</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 CONSULTATION**

- 8.1 The Cabinet's draft Capital Programmes were presented to the Policy Development Group at its meeting on 10 January 2018. The comments of the Policy Development group are included in the minutes attached at Appendix E.



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/5106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR BORROWING
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
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	0						450,000
Disabled Facility Grants	Disabled Facilities Grant expenditure, utilising government DFG funding and internal resources	Minna Scott	1,032,038	593,509	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	847,330	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	0	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	0	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	145,000	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	25,000	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	40,000	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	129,895	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	59,260	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	0	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	7,500	0	0	0	0	0	0	0							0
Belvoir Shopping Centre-Main Service Road, Coalville-Maintenance	Scheduled resurfacing	Paul Coates	0	10,296	1,704	10,296	0	0	0	0	0							10,296
Silver Street Car Park, Whitwick - Resurfacing	Scheduled resurfacing	Paul Coates	0	10,055	880	880	0	0	0	0	0							880
High Street Car Park Measham - Access Road resurfacing	Scheduled resurfacing	Paul Coates	0	25,000	0	25,000	0	0	0	0	0							25,000

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	
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
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	Scheduled resurfacing - essential works	Paul Coates	0	<b>0</b>	0	0	40,000	0	0	0	0							40,000	
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	
Linden Way Depot - Workshop Extension	Extension to workshop for maintenance to longer vehicles	Paul Coates	0	<b>0</b>	0	0	90,000	0	0	0	0							90,000	
District Car Parks - LED Lighting Replacement	Upgrade lighting to more energy efficient LED technology	Paul Coates	0	<b>0</b>	0	0	25,000	0	0	0	0							25,000	
Coalville Market Upgrade (Phase2)	Upgrade works from 2014/15	Clare Proudfoot	0	<b>22,295</b>	7,760	22,295	0	0	0	0	0						22,295		
Market Hall Wall	Works from 2015/16	Clare Proudfoot	0	<b>7,258</b>	0	7,258	0	0	0	0	0							7,258	
Coalville Market Hall	Roof and Floor works	Head of Economic Development	0	<b>0</b>	0	0	0	400,000	0	0	0							400,000	
Leisure Centre Project	To build new leisure centre	Paul Sanders	0	<b>0</b>	0	0	0	12,276,000	7,199,000	0	0	181,000		2,775,000				16,519,000	
Coalville Park- Reconfigure Depot, replace building	Building replacement	Jason Knight	0	<b>95,000</b>	9,133	95,000	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	<b>0</b>	0	0	10,000	0	0	0	0							10,000	
Hood Park-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	<b>4,515</b>	0	4,515	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	<b>0</b>	0	0	18,000	0	0	0	0							18,000	
Hermitage LC-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	<b>0</b>	0	0	14,000	0	0	0	0							14,000	
Wellbeing Centre at HPLC	To convert changing rooms into fitness area for targeted groups	Jason Knight	0	<b>399,250</b>	1,140	399,250	0	0	0	0	0	399,250							
Car Park - Ashby Health	Ashby Cultural Quarter works	Jim Newton	330,000	<b>692,133</b>	54,806	692,133	0	0	0	0	0							692,133	

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	
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Car Parking Strategy	Replacement meters	Jim Newton	140,000	<b>137,849</b>	138,242	137,849	0	0	0	0	0						137,849		
Swannington depot - Demolition	Demolition of old structure (H&S)	Paul Coates	35,000	<b>35,000</b>	0	35,000	0	0	0	0	0							35,000	
Replace Leisure Centre ICT Servers	Scheduled replacement / upgrade	Jason Knight	15,000	<b>15,000</b>	9,562	15,000	0	0	0	0	0							15,000	
Refurbishment of Moira Furnace Toilet Unit	Refurbishments of toilets	Wendy May	20,000	<b>20,000</b>	0	20,000	0	0	0	0	0							20,000	
Tractor	Grounds Maintenance team - service improvements	Paul Coates	0	<b>18,516</b>	18,516	18,516	0	0	0	0	0							18,516	
Indoor Cycles	Replacement of old/obsolete equipment	Jason Knight	0	<b>14,315</b>	14,315	14,315	0	0	0	0	0						14,315		
Pool Hoist replacements	Replacement of old/obsolete equipment	Jason Knight	0	<b>15,000</b>	0	15,000	0	0	0	0	0						15,000		
Memorial Clock Tower	Urgent and remedial works	Head of Economic Development	0	<b>120,000</b>	0	120,000	0	0	0	0	0						120,000		
Castle Donington College - All Weather Pitches - Re-surfacing	Resurfacing of all weather pitches. Item scheduled within PPM.	Property	0	<b>0</b>	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	<b>0</b>	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	<b>0</b>	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	<b>0</b>	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	<b>0</b>	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	<b>0</b>	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	<b>0</b>	0	0	0	25,000	0	0	0							25,000	



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		
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
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	
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>3,855,111</b>	<b>898,581</b>	<b>3,836,722</b>		<b>3,137,253</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>773,042</b>	<b>270,520</b>	<b>25,665,995</b>

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

FUNDING

SCHEME	BUDGET HOLDER	2017/18					2018/19					2019/20 to 2022/23					FUNDING		
		ORIGINAL BUDGET	REVISED BUDGET	Actual @ Period 6	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	0	50,000	0	0		
<b>06 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>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>		

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	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		527,000				
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>2,662,604</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>10,084,533</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	2,256,988	292,338	535,968	402,481
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>7,560,352</b>	<b>5,444,953</b>	<b>5,544,116</b>	<b>8,106,669</b>
<b>Cumulative over/(under) resource</b>	<b>7,155,953</b>	<b>2,256,988</b>	<b>292,338</b>	<b>535,968</b>	<b>402,481</b>	<b>147,914</b>

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# Capital Strategy 2018/19

## 1. Introduction

- 1.1 This Capital Strategy sets out the Council's priorities and approach to capital investment. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe.
- 1.2 The Strategy sets the corporate framework within which capital investment is planned, procured, prioritised, managed and funded. The Strategy has direct links to the Council's Asset Management Strategy and forms an integral part of the Council's Medium Term Financial Strategy.
- 1.3 The aim of this Capital Strategy is to provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities.
- 1.4 Capital projects will focus on the delivery of long term economic growth and or financial return benefits to the District in the form of:-
  - Spend to save
  - Spend to earn income or other financial returns
  - Attracting significant third party or private resources to the District
  - Addressing major infrastructure investment
- 1.5 The Strategy sets out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans, the Planned Preventative Maintenance (PPM) Schedule and other related strategies.
- 1.6 The Strategy also considers options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment and to identify the resources available for capital investment over the MTFS planning period.
- 1.7 The Strategy establishes effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, and the achievement of Value for Money.

## 2. CAPITAL PROGRAMME NEEDS AND PRIORITIES

- 2.1 Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long term value to the Council.
- 2.2 Fixed assets shape the way services are delivered in the long term and create financial commitments for the future, including capital financing and ongoing revenue costs. The classification of assets are as follows:

Category	Asset Type
Intangible Assets	ICT Software
Property, Plant and Equipment (PPE)	Land and Buildings
	Vehicles, Plant and Equipment
	Infrastructure Assets (eg. housing paths)
	Community Assets (eg. country parks or historic buildings)
	Surplus Assets
	Assets Under Construction
Investment Assets	Investment Properties - ie. held for income earning or capital appreciation
Assets Held for Sale	Assets actively marketed for Disposal
Heritage Assets	Assets held that contribute to the knowledge and history of the area

- 2.3 The Council applies a de-minimus level of £10,000 for individual items to be charged as capital expenditure. Items below this limit are charged to revenue in the year that it is incurred.
- 2.4 Financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for capital investment has reduced significantly over recent years, and the Council now recognises that it must rely more on internal resources and seek ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.
- 2.5 The 5 year 2018/19 – 2022/23 General Fund capital programme totals £29,699,159. The programme is funded by a combination of Section 106 developer contributions, Government grants, capital receipts, revenue and internal and external borrowing.
- 2.6 The Council's PPM identifies the total capital investment need in relation to the Council's asset portfolio. The PPM includes significant backlog maintenance issues across the Councils property portfolio.
- 2.7 The approach to developing the capital programme is based upon the following:
- 2.7.1 **Economic Investment** – The Council will continue to seek investments that generate longer term growth in projects that yield a combination of revenue generation (business rates, rent or interest), jobs and capital infrastructure



investment. Based on sound business cases the Council will assist in acquiring strategic sites for the delivery of major investment projects.

- 2.7.2 **Self-Sufficiency** – The Council will seek to invest in assets that support self-sufficiency for the Council.
  - 2.7.3 **Corporate Property** – To reduce its backlog maintenance liability the Council will rationalise its asset base. This is either in the form of the sales of surplus assets or the outsourcing of management arrangements. These will contribute to ongoing revenue savings and / or capital receipts respectively.
  - 2.7.4 **Decent Homes** – The Council will continue to invest in its council housing to maintain the Government’s Decent Homes standard.
  - 2.7.5 **Car Parks** – The Council owns and manages 28 car parks within the District. The Council will continue to minimise the ongoing delivery costs, whilst seeking to maximise income. More details with regards to car parks can be found in the Council’s Car Parking Strategy.
  - 2.7.6 **Culture & Tourism** – The Council owns two scheduled monument assets: Moira Furnace, a tourist museum operated by an external third party; and the War Memorial Tower, a listed war memorial in the centre of Coalville.
  - 2.7.7 **ICT** – The Council will undertake appropriate investment into ICT hardware and software on a case by case basis. The primary focus is to improve technologies on a spend to save basis.
  - 2.7.8 **Leisure** – The Council currently owns 2 leisure centres, Hood Park Leisure Centre in Ashby and Hermitage Leisure Centre in Whitwick, Coalville. In November 2017, the Council decided to outsource the provision of its leisure centres, to include the closure of the Hermitage site and the building of a new replacement facility in Coalville (funded by the Council), as well as the ongoing maintenance of Hood Park. At the time of writing this Strategy, a procurement exercise is underway to secure an operator. The Council will retain ownership of both the existing and new assets, however from inception of the contract (anticipated April 2019), the new operator will be responsible for all capital improvement works.
- 2.8 The following material investments will be undertaken between the period of 2018 and 2023:
- 2.8.1 **New Leisure Centre** – As detailed in 2.7.8 above, a new facility will be delivered through the outsourcing of the Council’s Leisure Centre services. The agreed maximum value of the new facility is £19.475m and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of a Cropston Drive, one of the Council’s remaining significant land holdings.

### 3. RESOURCING

- 3.1 The Capital Programme is resourced as follows:

- 3.1.1 **Central government** – Grants are allocated in relation to specific programmes or projects. An example of a Government Grant in the current programme is the Disabled Facilities Grant.
- 3.1.2 **Third Party funding** - Capital grants represent project specific funding for capital projects, in addition to that from Central Government, which is more usually received from quasi-government sources or other national organisations. In developing capital proposals the Council will always seek to maximise such external contributions, subject to any related grant conditions being consistent with the Council's policy aims and targeted outcomes. Frequently such funding, which enhances the Council's investment capacity, will also be linked to match funding arrangements.
- 3.1.3 **Developer contributions** – these represent contributions from developers towards the provision of public assets or facilities. Sometimes these are to mitigate the impact of their development on communities and often referred to as Section 106 contributions. These contributions are usually earmarked for specific purposes in planning agreements and often related to infrastructure projects.
- 3.1.4 **Unsupported borrowing** – under the Prudential Code the Council has discretion to self-finance the capital programme by undertaking borrowing to fund capital projects with the full cost of that borrowing being funded from within Council resources, as identified in the MTFs and annual budgets. This discretion is subject to complying with the Code's regulatory framework which essentially requires any such borrowing to be prudent, affordable and sustainable. Unsupported borrowing does provide an option for funding additional capital development but one which has to be funded each year from within the revenue budget or from generating additional ongoing longer term income streams
- 3.1.5 **Capital receipts from property asset disposal** – the Council has a substantial property estate, mainly for operational service requirements and administrative buildings. This estate is managed through the PPM which identifies property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed
- 3.1.6 Capital Receipts from Vehicle, Plant and Equipment disposal – the Council has reduced its leasing commitments on vehicles and plant over a number of years and currently all Vehicle, Plant and Equipment is owned by the Authority. The rolling programme of fleet replacement generates capital receipts which are then utilised against future purchases of fleet equipment.
- 3.1.7 **Revenue and Reserves** – Capital expenditure may be funded directly from an in-year revenue contribution (RCCO – Revenue Contribution to Capital Outlay) or by specific revenue funds previously set aside, such as repairs and renewal funds. However, the general pressures on the Council's revenue budget and Council Tax levels limit the extent to which this may be exercised as a source of capital funding.
- 3.1.8 How the Capital Programme is Financed over 2018/19 to 2022/23

	<b>Government Grant</b>	<b>Developer Contributions</b>	<b>Borrowing</b>	<b>Capital Receipts</b>	<b>Revenue or Reserves</b>	<b>Total</b>
<b>2018/19</b>	572,989	-	2,290,000	30,000	244,264	<b>3,137,253</b>
<b>2019/20</b>	572,989	181,000	10,701,500	2,775,000	50,000	<b>14,280,489</b>
<b>2020/21</b>	572,989	-	8,989,450	-	50,000	<b>9,612,439</b>
<b>2021/22</b>	572,989	-	1,138,000	-	50,000	<b>1,760,989</b>
<b>2022/23</b>	572,989	-	285,000	-	50,000	<b>907,989</b>
<b>Total</b>	<b>2,864,945</b>	<b>181,000</b>	<b>23,403,950</b>	<b>2,805,000</b>	<b>444,264</b>	<b>29,699,159</b>

- 3.2 Utilising unsupported borrowing impacts on the revenue budget from ongoing costs to finance the debt. This is both the interest cost of the borrowing and the Minimum Revenue Provision that is set aside to repay the debt. Given the pressure on the Council's revenue budget in future years, investment will be limited to cases where there was a clear financial benefit, such as "invest to save", "spend to earn" or major regeneration schemes which provide a net return over and above the borrowing cost. Such schemes will focus on the Council's priorities and generate revenue benefits in future financial years in the form of income such interest on loans, rents, council tax or business rate yield will be favoured.
- 3.3 The Council will continue to consider on a cautious and prudent basis the extent to which prudential borrowing may be undertaken to fund new capital investment, which generates returns over and above the revenue costs of the debt.
- 3.4 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received.

#### **4. GOVERNANCE AND MONITORING OF THE CAPITAL PROGRAMME**

- 4.1 The Council reviews its capital requirements and determines its Capital Programme within the framework of the MTFS and as part of the annual budget process. Resource constraints mean that the Council continually needs to prioritise expenditure in the light of its aims and priorities and consider alternative solutions.
- 4.2 The Council's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.
- 4.3 To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the MTFS.
- 4.4 The main forum for reviewing financial, risk and governance aspects of the capital programme is the Asset Management Group. This group reviews the strategic direction of the programme, ensures outcomes are aligned with the Council's priorities, significant projects have a viable Business Case and that Value for Money is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.
- 4.5 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and

improving service delivery through its capital investment in pursuance of the Council's over-arching aims. These include:

4.5.1 Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:

- The Council which is ultimately responsible for approving investment and the Capital Programme;
- The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Programme; The Cabinet will continue to receive quarterly monitoring reports.
- The Audit and Governance Committee which is responsible for scrutiny of the Council's statement of accounts and can make recommendations to Cabinet and full Council.

4.5.2 Officer Groups which bring together a range of service interests and professional expertise. These include:

- Departmental Senior Management Teams (SMT's), responsible for development of investments;
- The Asset Management Group, responsible for overseeing and approving reports for investments prior to Cabinet approval;
- The Corporate Leadership Team which has overall responsibility for the strategic development, management and monitoring of the capital programme;

4.5.3 An integrated service and financial planning process where all proposals for capital investment are required to demonstrate how they contribute to the achievement of the Council's aims and priorities.

4.6 Quarterly reports will continue to be submitted to Cabinet that identify changes to this programme to reflect;

- New resource allocations
- Slippage in programme delivery
- Programmes reduced or removed
- Virements between schemes and programmes to maximise delivery.
- Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.

## APPENDIX E

EXTRACT of the DRAFT MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Hault, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Bayliss, J Legrys, T Pendleton, S Sheahan

Officers: Mr J Arnold, Ms T Ashe, Mr C Lambert, Mr J Newton, Mr D Scruton, Ms K Greenbank, Mrs R Wallace and Ms E Warhurst.

### 26. DRAFT CAPITAL PROGRAMMES 2018/19 - 2022/23

The Financial Planning Team Manager presented the report to Members. It was noted that the proposed extensions to Lindon Way depot and finance review as detailed would be subject to a future report to Cabinet. She also informed Members that the Performance Working Group had met earlier in the day to discuss the proposals and comments received were positive.

Councillor T Eynon raised concerns regarding the elevator in the council offices as it was very outdated and prevented people from attending meetings in the building. She asked if this would be looked at as part of the capital programme. The Director of Housing explained that he was aware of the issue as the elevator was coming to the end of its natural life. He assured Members that it was being looked at as part of a number of improvements but no plans had been made yet.

Councillor V Richichi felt that a £60,000 budget for mowers was too much and asked if this was an actual cost or an estimation. The Financial Planning Team Manager agreed to gain some further information and let Councillor V Richichi have a response outside of the meeting. Councillor V Richichi asked for a list of costings for all of the equipment they were purchasing.

Regarding the Lindon Way workshop extension, Councillor N Clarke understood discussions were being had relating to buying an additional vehicle rather than buying bigger replacement vehicles, therefore the extension would not be required. The Financial Planning Team Manager believed that it was the additional cost of manning an additional vehicle that made the decision to follow the extension route but would investigate and provide a response outside of the meeting.

Councillor J Geary questioned why money was being put aside to make improvements to plumbing that was still running at Hermitage Leisure Centre when it has been agreed to build a new leisure facility. The Director of Housing explained that the pipework and tank referred to would not be replaced whilst it was still operational but as it was coming to the end of its lifespan, it was necessary to budget for replacement in case it was required.

It was moved by Councillor D Harrison, seconded by Councillor V Richichi and

RESOLVED THAT:

- a) The report be noted.
- b) The comments made be fed back to Cabinet when considering the report on 6 February 2018.



## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

## CABINET – TUESDAY, 6 FEBRUARY 2018

Title of report	<b>THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19 AND PRUDENTIAL INDICATORS 2018/19 TO 2020/21</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 Manager and Deputy S151 Officer 01530 454707 <a href="mailto:tracy.ashe@nwleicestershire.gov.uk">tracy.ashe@nwleicestershire.gov.uk</a>
Purpose of report	This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's prudential indicators for 2018/19 to 2020/21. It fulfils key requirements of the Local Government Act 2003: <ul style="list-style-type: none"> <li>• The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services ;</li> <li>• The Annual Investment Strategy in accordance with the DCLG Investment Guidance;</li> <li>• The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities.</li> <li>• The Policy for the Annual Minimum Revenue Provision.</li> </ul>
Reason for Decision	These are statutory requirements.
Council Priorities	Value for Money
Implications:	
Financial/Staff	Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority.
Link to relevant CAT	Could impact upon all CAT's.

Risk Management	Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice.
Equalities Impact Screening	Not applicable.
Human Rights	Not applicable.
Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, the report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	The Authority's Treasury Advisor; Corporate Leadership Team;
Background papers	<p><a href="#">Leisure Services Project</a> – Council 21 November 2017</p> <p><a href="#">Housing Revenue Account (HRA) Business Plan</a> – Cabinet 13 March 2012</p> <p><a href="#">Treasury Management Strategy Statement 2017/18</a> – Cabinet 7 February 2017</p> <p><a href="#">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</a> – Cabinet 6 February 2018</p>
Recommendations	<b>RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19, PRUDENTIAL INDICATORS -REVISED 2017/18 AND 2018/19 TO 2020/21-AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT FOR APPROVAL BY FULL COUNCIL</b>

## 1.0 INTRODUCTION

- 1.1 Local Authorities are required to approve a treasury management strategy statement (TMSS) and an investment strategy before the start of each financial year, in line with the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services Code of Practice 2011 Edition (the CIPFA Code) and the Department for Communities and Local Government (DCLG) revised 'Guidance on Local Authority Investments' 2010.



- 1.2 CIPFA have responsibility for the Treasury Management Code of Practice and Prudential Code and have consulted on these in 2017 and revised codes were published in December 2017. The Department for Communities and Local Government is responsible for preparing the guidance on Local Authority Investments and the guidance on Minimum Revenue Provision.
- 1.3 In accordance with DCLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this statement is based, change significantly; or if amendments to the codes and guidance arising from the consultations, require the Treasury Management Strategy Statement to be updated.
- 1.4 CIPFA has defined Treasury Management as: “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 1.5 The TMSS and prudential indicators fulfil the Authority’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and DCLG Guidance.

The TMSS sets out:

- a. Background information used to determine borrowing and investment requirements (paragraphs 2.2 and 2.3).
- b. Organisational roles and responsibilities (paragraph 1.7).
- c. The role of the Authority’s treasury advisor (paragraph 1.8).
- d. Reporting and monitoring of treasury management activity (paragraph 1.9).
- e. Borrowing and debt rescheduling strategies. Total Authority’s interest payments on existing debt are estimated at £2,739,773 in 2018/19.
- f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £229,000 in 2018/19 (General Fund - £145,300, HRA - £83,700).
- g. Treasury Management and Prudential Indicators for 2018/19 to 2020/21. These are designed to monitor borrowing limits, debt levels and investment returns.
- h. Annual Minimum Revenue Provision Statement for 2018/19. General Fund MRP is estimated at £619,527.

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

- 1.6 The Authority is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are important and integral elements of treasury management activities. The main risks to the Authority’s treasury activities are:
  - Credit and Counterparty Risk (security of investments)
  - Liquidity Risk (inadequate cash resources)
  - Market or Interest Rate Risk (fluctuations in interest rate levels)
  - Inflation Risk (exposure to inflation)
  - Refinancing Risk (impact of refinancing on suitable terms)
  - Legal & Regulatory Risk (failure to act in accordance with powers or regulatory requirements)

## 1.7 Organisational Roles and Responsibilities

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

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

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

- Investment, borrowing and debt rescheduling decisions.
- Monitoring adherence to approved Treasury Management Strategy Statement.
- Regular reporting to Members on treasury management activity.

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

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

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

Training courses, seminars and conferences provided by the Authority's treasury advisor or CIPFA, are regularly attended to refresh and enhance the knowledge of treasury management staff.

## 1.8 The Role of the Authority's Treasury Advisor

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

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

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

## 1.9 Reporting and Monitoring of Treasury Management Activity

The Treasury Management Stewardship Report for 2017/18 will be presented to the Audit and Governance Committee for scrutiny and then Cabinet as soon as possible after the end of the financial year. As in previous years, the Treasury Management Strategy Statement will be supplemented by in-year reporting of treasury management activity and monitoring of prudential indicators, to the Audit and Governance Committee during 2018/19.

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

## 2.0 THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19

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

- The Borrowing Strategy 2018/19 (APPENDIX A)
- The Debt Rescheduling Strategy 2018/19 (APPENDIX B)
- The Annual Investment Strategy 2018/19 (APPENDIX C)
- The Apportionment of Interest Strategy 2018/19 (APPENDIX D)
- The Treasury Management and Prudential Indicators 2018/19 to 2020/21 (APPENDIX E)
- The Annual Minimum Revenue Provision (APPENDIX F)

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

**Economic background:** The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

**Credit outlook:** High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

The credit risk associated with making unsecured bank deposits has therefore increased relative to the

risk of other investment options available to the Authority; returns from cash deposits however remain very low.

**Interest rate forecast:** The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

### 2.3 Outlook for UK Interest Rates:

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

<b>Bank Rate %</b>	<b>March 2018</b>	<b>June 2018</b>	<b>Sept. 2018</b>	<b>Dec. 2018</b>	<b>March 2019</b>	<b>June 2019</b>	<b>Sept. 2019</b>	<b>Dec. 2019</b>
Upside Risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
Downside Risk	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25

The Authority's treasury advisor has forecast the Bank Rate to remain at 0.50% over the medium term.

## 3.0 IMPLICATIONS FOR TREASURY ACTIVITY

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

3.2 The principles in the proposed suite of treasury policies remain broadly unchanged from previous years - borrowing will be prudent, minimize borrowing costs and maintain the stability of the debt maturity portfolio. Debt rescheduling should achieve interest savings, carry minimal risk and maintain the stability of the debt maturity portfolio. Investments will be prioritised and based upon the principles of security, liquidity and yield.

## 4.0 Markets in Financial Instruments Directive (MiFID)

4.1 The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded.

4.2 MiFID originally introduced three categories for clients of financial services firms, when dealing with regulated investments. These categories reflected the level of understanding of Financial Instruments required for: Retail Clients; Professional Clients

and eligible counterparties. New rules come into effect from 3 January 2018 which mean that the Authority will be re-classified to 'Retail Client' from 'Professional Client' status.

- 4.3 This re-categorisation seeks to provide additional protections for retail clients by ensuring that financial services firms provide investments that are suitable for the client but will also limit the investment options available to the authority. With the agreement of the firm, a client can elect to move to a different category if it meets specified criteria.
- 4.2 The Authority has elected to 'opt-up' to Professional status so that it can continue to access the range of investment options that it currently has access to.

## 5.0 FUTURE SIGNIFICANT EVENTS

- 5.1 In November 2017, the Council decided to outsource the provision of its 2 leisure centres (Hermitage and Hood Park), to include the closure of the Hermitage site and the building of a new replacement facility in Coalville (funded by the Council), as well as the ongoing maintenance of Hood Park. At the time of writing this report, a procurement exercise is underway to secure an operator. The Council will retain ownership of both the existing and new assets, however from inception of the contract (anticipated April 2019), the new operator will be responsible for all capital improvement works. The maximum capital value of the new facility will be £19.475m and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of a Cropston Drive, one of the Council's remaining significant land holdings.
- 5.2 From time to time the authority will consider other service delivery models (for example shared service) and these will potentially affect the authority's balance sheet and treasury position. As at such time that these alternative delivery models are agreed and implemented, in line with paragraph 1.3 above which outlines that this strategy should be updated should the assumptions on which this statement is based alter significantly.

## 6.0 THE AUTHORITY'S CURRENT BALANCE SHEET AND TREASURY POSITION

- 6.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and working capital are the underlying resources available for investment. The CFR, balances and reserves are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are set out below:

	31.03.17 Actual £m	31.03.18 Estimate £m	31.03.19 Forecast £m	31.03.20 Forecast £m	31.03.21 Forecast £m
General Fund CFR	14.4	16.1	17.8	27.8	35.7
HRA CFR	75.1	74.0	72.9	71.8	70.6
<b>Total CFR</b>	<b>89.5</b>	<b>90.1</b>	<b>90.7</b>	<b>99.6</b>	<b>106.3</b>
Less: External Borrowing	(83.4)	(82.3)	(81.2)	(80.1)	(79.0)
<b>Internal Borrowing</b>	<b>6.1</b>	<b>7.8</b>	<b>9.5</b>	<b>19.5</b>	<b>27.3</b>
Less: Usable Reserves	(21.3)	(23.4)	(22.7)	(22.7)	(20.7)

Less: Working Capital Estimate	0.3	0.3	0.3	0.3	0.3
<b>Investments (or New Borrowing)</b>	<b>14.9</b>	<b>15.3</b>	<b>12.9</b>	<b>2.9</b>	<b>(6.9)</b>

- 6.2 The Authority has an increasing General Fund CFR due to the use of borrowing to fund the Capital Programme, which includes the Leisure Services Project which was agreed at Council 21 November 2017.
- 6.3 The Leisure Project is scheduled for 2019/20 to 2020/21. In 2019/20 the Authority will be utilising internal borrowing. The effect of this is that there is less cash available for investment by 31 March 2020. By 31 March 2021, there is no availability for investment but there will be a requirement for borrowing.
- 6.4 The Authority's level of physical debt and investments is linked to the components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Authority's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Authority's short term strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).

The following table shows the Investment and debt portfolio position:

	Portfolio as at 31 March 2017 £m	Portfolio as at 5 Jan 2018 £m	Average Rate as at 5 Jan 2018 %
External Borrowing:			
PWLB	74.987	74.451	3.340
Local Authorities	1.000	1.000	6.875
Banking Sector	3.940	3.940	4.740
LOBO Loans	3.500	3.500	4.800
<i>Total External Borrowing</i>	<i>83.427</i>	<i>82.891</i>	
Other Long Term Liabilities	0.112	0.112	3.140
<b>TOTAL GROSS EXTERNAL DEBT</b>	<b>83.539</b>	<b>83.003</b>	
Investments:			
Short Term - Managed in-house	24.349	31.325	0.374
Long Term - Managed in-house	12.000	12.000	0.900
Fund Managers–Managed Externally	0	0	
Pooled Funds-Managed Externally	3.100	10.200	0.170
<i>Total Investments</i>	<i>39.449</i>	<i>53.525</i>	
<b>NET DEBT</b>	<b>44.090</b>	<b>29.478</b>	

- 6.5 CIPFA's 'Prudential Code for Capital Finance in Local Authorities' recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Authority expects to comply with this recommendation during 2017/18.

## **7.0 THE COUNCIL'S APPROACH TO BEING COMMERCIAL**

- 7.1 The Investment Strategy included in Appendix C provides the strategic framework in which it's investment activity is undertaken.
- 7.2 In line with the Medium Term Financial Strategy 2018 – 2023, the Investment Strategy has been revised and updated to allow the flexibility required in adopting a commercial approach.
- 7.3 The Strategy provides Members with the flexibility to undertake differing forms of investments for the Council, including, but not limited to investment in property funds and investment in a Council owned company for the purposes of trading (such as a Local Housing Company). The strategy has been updated to reflect how the Authority may purchase property for non-treasury investments eg. the purchase of property for income generating activities. These key amendments provide members with the flexibility to undertake new forms of longer term investment.
- 7.4 It is important for members to note however, that at a time when the Council is due to invest some £19.5m into a new leisure facility for Coalville under the Sports and Leisure project, it is unlikely that any new significant investments will be undertaken utilising the Council's internal reserves.

**BORROWING STRATEGY 2018/19**

At the 31<sup>st</sup> March 2018, the Authority will hold loans totalling £82.3m (£73.9m HRA and £8.4m General Fund). This is a decrease of £1.1m on the previous year (£75m HRA and £8.4m General Fund) and is part of the Authority's strategy for funding previous years' Capital Programmes and for the self-financing of the HRA, which was presented to Cabinet on 13th March 2012 in the "Housing Revenue Account (HRA) Business Plan".

The balance sheet forecast in paragraph 6.1 shows that the authority does not expect to need to borrow in 2017/18. Borrowing will be required by 2020/21 and this strategy sets out the methodology and approach that will be taken into consideration at that time.

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

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources or to borrow short term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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



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

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

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

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

The Authority holds one LOBO (Lender's Option Borrower's Option) loan of £3.5m as part of its total borrowing of £82.3m, where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. This LOBO has options during 2018/19 and although the Authority understands that the lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the opportunity to repay LOBO loans at no cost if it has the opportunity to do so.

The total amount borrowed will not exceed the authorised borrowing limit of £115 million.

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

**DEBT RESCHEDULING STRATEGY 2018/19**

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

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. However, the lower interest rate environment has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise.

The rationale for rescheduling will be one or more of the following:

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

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

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

**ANNUAL INVESTMENT STRATEGY 2018/19**

The Authority holds invested funds which represent income received in advance of expenditure plus balances and reserves held as reflected in the balance sheet forecast in paragraph 6.1. Similar levels are expected to be maintained in 2018/19.

**Investment Policy**

Guidance from DCLG on Local Governments in England requires that an Annual Investment Strategy (AIS) be approved by Full Council. Both the CIPFA Code and the DCLG Guidance require the Authority to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The Authority's investment priorities are:

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

If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero. This would be likely to feed through to negative interest rates on all low risk, short term investment options. This situation already exists in many other European Countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Investment Strategy**

Given the increasing risk and lower returns from short-term unsecured bank investments, the Authority aims to continue to invest in more secure asset classes during 2018/19. This is especially the case for the estimated £12m that is available for longer-term investment. The Authority's surplus cash is currently invested in; short-term unsecured bank or building society deposits, money market funds and short and long term investments with other Local Authorities.

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

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

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

The DCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt.

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

### Investment of money borrowed in advance of need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. Any risks generated by borrowing in advance of need will be managed as part of the Authority's overall management of its treasury risks.

### Approved Counterparties

The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash and time limits shown:

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 Years	n/a	n/a
AAA	£2m 5 years	£5m 20 years	£5m 50 years	£2m 20 years	£3m 20 years
AA+	£2m 5 years	£5m 10 years	£5m 25 years	£2m 10 years	£3m 10 years
AA	£2m 4 years	£5m 5 years	£5m 15 years	£2m 5 years	£3m 10 years
AA-	£2m 3 years	£5m 4 years	£5m 10 years	£2m 4 years	£3m 10 years
A+	£2m 2 years	£5m 3 years	£5m 5 years	£2m 3 years	£3m 5 years
A	£2m 13 months	£5m 2 years	£5m 5 years	£2m 2 years	£3m 5 years
A-	£2m 6 months	£5m 13 months	£5m 5 years	£2m 13 months	£3m 5 years
None	£1m 6 months	n/a	£5m 25 years	£1m 6 months	£1m 2 years
Banking Provider - Lloyds	£3m 13 months		n/a	n/a	n/a
Pooled Funds	£6m per fund				

This table must be read in conjunction with the notes below:

**Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings and all other relevant factors, including external advice, will be taken into account.

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks.

These investments are subject to the risk of credit loss via a bail-in, should the regulator determine that the bank is failing or likely to fail.

**Operational Bank Accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank. These are not classed as investments but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of a failure, banks with assets greater than £25 billion are more likely to be bailed-in rather than be made insolvent, increasing the chance of the Authority maintaining operational continuity.

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

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

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

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

**Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds that offer same day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

**Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made

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

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

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

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

**Specified Investments:** The DCLG Guidance defines specified investments as those:

- Denominated in pound sterling
- Due to be repaid within 12 months of arrangement
- not defined as capital expenditure by Legislation
- invested with one of:
  - the UK Government
  - a UK local authority, parish council, community Council
  - a body or investment scheme of ‘high credit quality’

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

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

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

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country
Registered Providers	£5m in total
Unsecured Investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£20m in total (max £6m per fund)
Long-Term (Non-Specified) Investments	£12m in total
Other Non-Specified Investments (not meeting the definition of 'high credit quality')	£5m in total

### **Policy on use of Financial Derivatives**

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

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

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

### **Non-Treasury Investments**

The Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing or as equity investments and loans to the Authority's subsidiaries.

Such purchases, loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure.

The Authority's existing non-treasury investments relate to the investment properties held, the fair value of which was £13.554m as at 31 March 2017.



**APPORTIONMENT OF INTEREST STRATEGY 2018/19**

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

Accordingly, on 1<sup>st</sup> April 2012, the Authority notionally split its existing debt into General Fund and Housing Revenue Account as detailed in the 'Borrowing Strategy'. Any future borrowing will be assigned in its entirety to the appropriate revenue account.

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

Interest received on investment income is budgeted to be apportioned between General Fund and the Housing Revenue Account based on an estimated cash flow position and balance sheet forecast. For 2018/19, the budgeted investment income is £229,000 and is apportioned as follows: £145,300 General Fund and £83,700 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year.

## PRUDENTIAL INDICATORS

## 1 Background

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

## 2. Estimates of Capital Expenditure

The Authority's planned capital expenditure and financing is summarised in the table below. Further detail is provided in the Capital Programmes report taken to Cabinet on 6 February 2018.

Capital Expenditure	2017/18 Approved £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Non-HRA	3.071	3.837	3.187	14.280	9.612
HRA	10.152	6.003	10.085	7.268	4.909
<b>Total</b>	<b>13.223</b>	<b>9.840</b>	<b>13.272</b>	<b>21.548</b>	<b>14.521</b>

Capital expenditure will be financed or funded as follows:

Capital Financing	2017/18 Approved £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Capital receipts	1.679	4.346	1.684	4.369	1.534
Government Grants	0.525	0.573	0.573	0.573	0.573
Major Repairs Allowance	3.139	3.139	3.127	3.164	3.132
Reserves	3.332	(4.778)	5.548	2.309	0.043
Other Contribution-S106	0.000	1.291	0.000	0.381	0.200
Grants - Other	0.000	0.000	0.000	0.000	0.000
Revenue contributions	3.123	3.007	0.050	0.050	0.050
<b>Total Financing</b>	<b>11.798</b>	<b>7.578</b>	<b>10.982</b>	<b>10.846</b>	<b>5.532</b>
Supported borrowing	0.000	0.000	0.000	0.000	0.000
Unsupported borrowing	1.425	2.262	2.290	10.702	8.989
<b>Total Funding</b>	<b>1.425</b>	<b>2.262</b>	<b>2.290</b>	<b>10.702</b>	<b>8.989</b>
<b>Total Financing and Funding</b>	<b>13.223</b>	<b>9.840</b>	<b>13.272</b>	<b>21.548</b>	<b>14.521</b>

### 3. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Non-HRA	14.383	15.465	16.094	17.765	27.780	35.683
HRA	75.072	73.993	73.993	72.890	71.762	70.608
<b>Total CFR</b>	<b>89.455</b>	<b>89.458</b>	<b>90.087</b>	<b>90.655</b>	<b>99.542</b>	<b>106.291</b>

The General Fund CFR is forecast to rise over the medium term. This is in line with the Capital programme schemes that are financed by debt. The detail of these schemes can be seen in more detail in the capital report presented to Cabinet on 6 February 2018.

### 4. Gross Debt and the Capital Financing Requirement

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

Debt – as at 31 <sup>st</sup> March	2017 Actual £m	2018 Estimate £m	2019 Estimate £m	2020 Estimate £m	2021 Estimate £m
Borrowing	83.427	82.348	81.245	80.117	78.963
Finance Leases	0.000	0.000	0.000	0.000	0.000
Transferred Debt	0.111	0.104	0.097	0.090	0.082
<b>Total Debt</b>	<b>83.538</b>	<b>82.452</b>	<b>81.342</b>	<b>80.207</b>	<b>79.045</b>

Total debt is expected to remain below the CFR during the forecast period.

### 5. Authorised Limit and Operational Boundary for External Debt

The **Operational Boundary** is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities may comprise of finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

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

Operational Boundary for External Debt	2017/18 Approved £m	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Borrowing	93.462	94.929	112.255	130.682	136.872
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500
<b>Total</b>	<b>93.962</b>	<b>95.429</b>	<b>112.755</b>	<b>131.182</b>	<b>137.372</b>

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

The Authorised Limit is the affordable borrowing limit determined in compliance under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). It is the maximum amount of debt that the Authority can legally owe. The Authorised Limit provides headroom over and above the operational boundary to allow for unusual cash movements

<b>Authorised Limit for External Debt</b>	<b>2017/18 Approved £m</b>	<b>2017/18 Revised £m</b>	<b>2018/19 Estimate £m</b>	<b>2019/20 Estimate £m</b>	<b>2020/21 Estimate £m</b>
Borrowing	95.462	96.929	114.255	132.682	138.872
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
<b>Total</b>	<b>96.162</b>	<b>97.629</b>	<b>114.955</b>	<b>133.382</b>	<b>139.572</b>

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

## 6. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2017/18 Approved %</b>	<b>2017/18 Revised %</b>	<b>2018/19 Estimate %</b>	<b>2019/20 Estimate %</b>	<b>2020/21 Estimate %</b>
Non-HRA	8.17	6.20	6.97	7.91	14.00
HRA	12.74	12.54	12.45	12.52	12.38
<b>Total (Average)</b>	<b>10.94</b>	<b>9.73</b>	<b>10.08</b>	<b>10.54</b>	<b>13.03</b>

The Authority has an increasing ratio of Non-HRA financing costs due to forecast increases of interest on loans and MRP contributions and reducing revenue income streams.

## 7. Incremental Impact of Capital Investment Decisions

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

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2017/18 Approved £</b>	<b>2017/18 Revised £</b>	<b>2018/19 Estimate £</b>	<b>2019/20 Estimate £</b>	<b>2020/21 Estimate £</b>
Increase in Band D	2.66	2.72	3.36	5.27	8.45

Council Tax					
Increase/(Decrease) in Average Weekly Housing Rents *	(0.83)	(0.83)	(0.82)	(0.81)	2.41

\* Government Policy requires an actual decrease in Housing Rents of 1% per year until 2019/20. This is reflected in the estimates above.

Whilst this is a notional indicator as Band D Council Tax has not been increased, it represents the impact of the increased costs from capital decisions on the Band D Council Tax. The increasing impact is in line with the Estimates of Capital Expenditure as shown in table 2 above.

## 8. Adoption of the CIPFA Treasury Management Code

The Authority re-affirmed adoption of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition at Cabinet on 9 February 2016. It complies with the Codes recommendations.

## TREASURY MANAGEMENT INDICATORS

### 9. Upper Limits for Fixed and Variable Interest Rate Exposure

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

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

	Existing (Benchmark) level 31/03/17 %	2017/18 Approved %	2017/18 Revised %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
Upper Limit - Fixed Interest Rate Exposure	100	100	100	100	100	100
Upper Limit - Variable Interest Rate Exposure	50	50	50	50	50	50

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

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the transaction year or the transaction date if later. All other instruments are classed as variable rate.

### 10. Maturity Structure of Fixed Rate borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to

protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

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

<b>Maturity structure of fixed rate borrowing</b>	<b>Lower Limit for 2018/19 %</b>	<b>Upper Limit for 2018/19 %</b>
under 12 months	0	60
12 months and within 24 months	0	40
24 months and within 5 years	0	50
5 years and within 10 years	0	40
10 years and within 20 years	0	50
20 years and within 30 years	0	70
30 years and within 40 years	0	40

#### **11. Upper Limit for total principal sums invested over 364 days**

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

	<b>2017/18 Approved £m</b>	<b>2017/18 Revised £m</b>	<b>2018/19 Estimate £m</b>	<b>2019/20 Estimate £m</b>	<b>2020/21 Estimate £m</b>
<b>Upper Limit</b>	12	12	12	5	5

The reduction of the Upper Limit from 2019/20 onwards is in line with the capital expenditure expected on the leisure project and to ensure liquidity is maintained.

## ANNUAL MINIMUM REVENUE PROVISION STATEMENT

### Background

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

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

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

Following the payment made to exit the Housing Revenue Account subsidy system for the new self-financing arrangements from April 2012, MRP will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment. The structure of the debt that was incurred to fund the self-financing was based on the principal being repaid over the life of the HRA business plan, which also takes into account the 'old' HRA debt. For 2018/19, the MRP for HRA is determined by the amounts of principal repaid on the loans that were taken out on an annuity basis.

### MRP Options:

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

#### Option 1 – Regulatory Method.

For Capital expenditure incurred before 1<sup>st</sup> April 2008, MRP under this option, is the amount determined in accordance with the 2003 regulations. In effect, this is 4% of the total Capital Financing Requirement (CFR) excluding HRA borrowing and Adjustment A. Adjustment A is an accounting adjustment to ensure consistency with previous capital regulations. Once calculated this figure is fixed. For this Authority, Adjustment A is fixed at £606,250.49.

#### Option 2 – CFR Method.

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

#### Option 3 – Asset Life Method.

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

Option 4 - Depreciation Method.

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

**MRP Policy for 2018/19:**

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

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

Based on the Authority's latest estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2018, the 2018/19 budget for General Fund MRP is £619,527. The HRA Subsidy Reform payment for 2017/18 is £1,103,275.



**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>PROPOSED COUNCIL DELIVERY PLAN</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Richard Blunt 01530 454510 <a href="mailto:richard.blunt@nwleicestershire.gov.uk">richard.blunt@nwleicestershire.gov.uk</a></p> <p>Chief Executive 01530 454500 <a href="mailto:christine.fisher@nwleicestershire.gov.uk">christine.fisher@nwleicestershire.gov.uk</a></p> <p>Strategic Director of Place 01530 454555 <a href="mailto:james.arnold@nwleicestershire.gov.uk">james.arnold@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>
Purpose of report	To provide the proposed Council Delivery Plan 2018/19 for consideration by Cabinet and to seek any comments concerning its content.
Reason for decision	To endorse the Council's Delivery Plan for 2018/19 prior to Council's consideration.
Council priorities	This report delivers an update and actions on all of the Council's priorities for 2018/19.
Implications:	
Financial/Staff	The implementation of the Council Delivery Plan has been resourced through the Council's Medium Term Financial Strategy.
Link to relevant CAT	The report links to the work of all Corporate Action Teams.
Risk Management	Risk management is applicable to all areas of the Council's statutory duties and service provision. Any relevant risks relating to actions set out in the Council Delivery Plan are managed through the Corporate Risk Register.

Equalities Impact Screening	Equalities impact considered as part of team business plans and ongoing service delivery.
Human Rights	No direct implications.
Transformational Government	No direct implications.
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	Corporate Leadership Team Strategy Group on 19 December 2017
Background papers	Medium Term Financial Strategy 2018-2023 2018/19 General Fund and Special Expenses Revenue Budgets  These can both be found elsewhere on the agenda.
Recommendations	<p><b>IT IS RECOMMENDED THAT CABINET:</b></p> <ol style="list-style-type: none"> <li><b>1. CONSIDERS THE PROPOSED COUNCIL DELIVERY PLAN FOR 2018/19 TOGETHER WITH COMMENTS FROM POLICY DEVELOPMENT GROUP.</b></li> <li><b>2. SUBSEQUENTLY ENDORSES THE PLAN'S CONTENT AND RECOMMENDS IT TO COUNCIL FOR APPROVAL ON 20 MARCH 2018.</b></li> <li><b>3. AUTHORISES THE CHIEF EXECUTIVE, IN CONSULTATION WITH THE LEADER OF THE COUNCIL, TO MAKE ANY FINAL AMENDMENTS TO THE PLAN PRIOR TO COUNCIL ON 20 MARCH 2018.</b></li> </ol>

## 1 BACKGROUND

- 1.1 The Council adopted its first Council Delivery Plan (CDP) in April 2015. Since then, the CDP has evolved annually to reflect the changing environment in which the Council is operating.
- 1.2 Since 2011/12, the CDP format has been designed to suit our customers rather than our auditors. These plans provided an accessible overview of the Council's plans for the new

financial year, including priority outcomes and high level actions. Performance against the plan is reported quarterly to Cabinet. The most recent CDPs have a strong customer focus, and several sections of the reports were included largely for the benefit of readers outside the Council.

## **2 COUNCIL DELIVERY PLAN 2018/19**

- 2.1 The service and financial planning process has been better aligned this year and the CDP and MTFS have been developed and considered by members in parallel. The MTFS provides a robust 5 year financial plan which has informed and supports the CDP.
- 2.2 The proposed draft of the CDP for 2018/19 is attached at Appendix 1. The design has been updated to make the document more engaging for readers.
- 2.3 The draft CDP was considered by Policy Development Group at its meeting on 10 January 2018. A copy of the minutes of the Policy Development Group is attached at Appendix 2. Cabinet are asked to note the comments.
- 2.4 Officers will continue to work on the wording of the document to further refine it and make it clear to our customers. The comments of Policy Development Group have been circulated to officers and they will, in addition to any comments arising from Cabinet, be considered as part of the process. The CDP which was considered by PDG contained a reference to a savings target of £600K. This was indicative and was awaiting confirmation following the agreement of the MTFS and Budget. It has been decided to remove the savings target from the CDP before Cabinet to enable more work to be done on the impact of the financial position. The final version of the CDP will be presented to Council on 20 March 2018.

## **3 STRENGTHENING OUR STRONG PERFORMANCE CULTURE**

- 3.1 The CDP will continue as an outward-facing document for our customers and partners, and more detailed performance management will continue to be cascaded through the Authority using Team Business Plans and the performance management system. The performance management system will continue to be developed to improve reporting methodologies and to ensure that the most important information is coming through at the right levels of management and to councillors.
- 3.2 The outcomes and actions listed in the CDP have a detailed set of quarterly milestones and indicators listed within Team Business Plans. Quarterly performance monitoring against these plans will continue as it does at present. In addition, it is proposed that performance against key corporate projects will be reported quarterly to Cabinet as part of the Quarterly Performance Report.
- 3.3 The portfolio holders are briefed monthly on the performance of their services and are engaged in the quarterly performance reports.

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North West  
Leicestershire  
District Council

Council Delivery Plan for 2018-19





Picnic in the Park 2017

## Welcome to our Council Delivery Plan for 2018-19

North West Leicestershire District Council is committed to providing the best possible services for our communities.

We have a wide-reaching influence; from collecting bins and sweeping the streets that we all use, to lobbying government on national issues and contributing to wide ranging strategies that direct growth and infrastructure.

It's important that we use this influence to lead the way on the things that are important to us; growth in the right places, homes for local people, support for businesses and town centres, and driving a green agenda.

Most importantly, we need to provide the right service for our customers.

More than ever, we're putting our customers at the heart of what we do, striving to provide what they want in the right place at the right time. We're taking a lot more online to provide 24/7 access to our services and improving the ways we communicate with our customers so they can help shape the services we provide.

Financially, we're on a good footing. We're using this time to prepare for the future, when we will see cuts to some of our funding sources. This work revolves around robust budgeting, making sure we bring in money where we can and spend our money wisely for the benefit of our communities.

We're very proud of this plan, which sets out our priorities and aims for the coming years. We're looking forward to seeing our work take shape and make a positive contribution to North West Leicestershire.

Councillor Richard Blunt – Leader

Bev Smith – Chief Executive of NWLDC

Our priority areas | [Value for money](#) | [Homes and communities](#) | [Building confidence in Coalville](#) | [Business and jobs](#) | [Green Footprints](#)



## Building confidence in Coalville

Our work to regenerate and build confidence in Coalville continues. Our aim is to work with others to help make Coalville town centre a desirable destination for those living in and around the town.

This coming year will see significant changes to Marlborough Square that will make it better for pedestrians and events. **We're making improvements to the Memorial Tower ahead of our 2018 Remembrance events, whilst making plans for wider improvements to the whole of Memorial Square during the following year.**

Our frontage **grant** scheme continues to change the face of our key streets and we maintain our 'open door' policy to any investor looking to make a positive impact in the town.

# Building confidence in Coalville

## Our aims

■ Coalville is vibrant, green and clean

■ Local people choose to spend their money and time in Coalville Town Centre

■ Coalville becomes a destination of choice for visitors and businesses

## Key tasks 2018-19

Develop a vision and masterplan to further regenerate the town centre in consultation with Coalville residents



Identify short, medium and long term programmes for Coalville's regeneration:

### Physical regeneration:

- Invest £1 million in changes to Marlborough Square, to create a better space for pedestrians and events
- Work with the private sector to secure a cinema operator for Coalville
- Begin residential development of at least one town centre site



### Culture:

- Establish and maintain an events programme in our public spaces, including the redesigned Marlborough Square

### Business support:

- Continue our Frontages Grants
- Support new business start ups in the town centre

### Infrastructure:

- Support improvements to Ashby Road with removal of traffic calming, better street furniture and planting
- Changes to traffic flow as part of Marlborough Square redevelopment
- Improve cycle connectivity.



Increase the number of homes in Coalville by 950

Reduce the number of vacant shops by 20%

Invest £1.5 million in regenerating Coalville town centre



Hold at least five events in Marlborough Square each year.

Support the redevelopment of key housing sites

Work with Leicestershire County Council to ensure the redevelopment of the Snibston site and surrounding area

Encourage people who use the 'gateway' site where the new leisure centre will be to use the town centre

## In the next three years we will...

Increase the number of Coalville businesses that successfully bid for our Enterprising grants by 50%





Reception, Council offices

## Value for money

We're committed to putting the customer at the heart of what we do, and a big part of this is providing value for money through our services.

Through knowing our customers, understanding what they want from their council and helping them to access services in a broad range of ways, we can make sure we invest in the right places and make savings elsewhere.

Whilst we're in a financially strong position at the moment, we know the future holds some potentially difficult times. That's why we're using this year to assess our assets to make them work financially for us and looking at the ways we can be more commercial to bring in money.

# Value for money

## Our aims

■ Right service, right time, right price

■ The council becomes a self-sustaining organisation

### Key tasks 2018-19



Start our Customer First Programme to improve our customer service

146

Develop trusted commercial services that can be offered to external customers

Sign a contract with an external provider to build a new leisure centre in Coalville and manage our leisure service



Develop and start working to a longer term financial strategy that helps the council to become resilient and self-sufficient, and not reliant on central government funding

Develop and implement an Asset Management Strategy to make best use of all council-owned buildings and land

Update and review the treasury management strategy to make best use of our investments.



Establish a local housing / trading company

### In the next three years we will...



Increase overall customer satisfaction by 10%

Give customers the ability to access at least 50 transactions online 24/7

Increase our sources of external income by five each year

Improve the financial return we receive from our investments by at least 25%



Generate £500,000 by selling the dry recycling we collect.



Coalville Spring Clean, March 2017

## Homes and communities

Our district is one of fantastic and varied communities and our services affect each and every one of them.

Our priority is to help these communities to thrive; by providing good quality homes in the right places, by tackling anti-social behaviour, and by working for our communities on a national scale on developments like HS2.

We have a responsibility to help those most in need in our communities, so we're focussing on providing affordable homes and increasing the number of council homes we can offer for rent, whilst preventing homelessness.

# Homes and communities

## Our aims

- Residents live in high quality, affordable homes
- Vulnerable households are supported
- Communities are safe and cohesive
- Improve the quality of life for our residents

## Key tasks 2018-19



Work with health partners to develop a health and well-being strategy for North West Leicestershire

Maximise the economic benefits, and **minimise the negative impacts** from HS2 for North West Leicestershire and our residents

148



**Modernise** Coalville CCTV to tackle anti-social behaviour

**Review our planning service and enhance our planning enforcement, to make sure housebuilders build in accordance with their approved plans, while maximising benefits from planning agreements and ensuring they are spent in a timely manner**

Formally launch our Good Design Guide for housing developments

Devise, publish and implement a statement of licensing policy to reduce crime and **improve** public safety.

## In the next three years we will...

Increase the number of physically active adults in the district to 39,800, reducing the amount of physically inactive adults by 10%

Ensure anti-social behaviour levels do not increase, **even if crime increases**



Build or acquire 68 council owned homes

Work with local housing associations to supply 300 new affordable homes

Invest up to £15 million to improve council housing stock by our in-house teams



**Determine** 100% of planning **applications** in line with our good design guide, ensuring high quality developments in our district

Provide support to 100% of people threatened with homelessness within the district



Determine 100% of licensing applications in accordance with the statement of licensing policy, which is shaped by the public and other key stakeholders.



Coalville Jobs Fair at Stephenson College

## Business and jobs

North West Leicestershire is an excellent place for business. We're perfectly located in the heart of the country with great access to important road networks and East Midlands Airport.

Our business support ranges from grants for start ups and growing companies, to advice and support on a one to one basis.

We're investing in our town centres, both in terms of infrastructure and physical change, and by

organising events to attract people for shopping and entertainment. **We're also planning to support Coalville and Ashby towards achieving town centre awards.**

And we're supporting jobs – working with education providers to build the skills we need to fill the jobs we have, creating apprenticeships in our own organisation and holding job fairs that benefit local companies and job seekers alike.

# Business and jobs

## Our aims

■ NWL has a thriving economy where businesses are supported

■ Support local people to access jobs

### Key tasks 2018-19



Develop an Economic Growth Plan and a Place Marketing Strategy for the district

150

Develop a tourism strategy that promotes, encourages and enhances the visitor experience

Develop and enhance our apprenticeship programme, and provide volunteering and work experience opportunities

Develop an options appraisal for the future development of the Moira Furnace site



Develop a funded plan of infrastructure development and work with Leicestershire County Council to reduce congestion

Focus on town centre management for all our market towns



Work with local businesses to support them to become Disability Confident employers

Increase numbers of people attending events in our district year on year

Provide regulatory services (like licensing and environmental health) in a way that promotes business growth.

### In the next three years we will...

Double the number of apprentices we employ



Make sure local people make up at least 30% of the workforce used to build the new leisure centre, and that the new facility maximises opportunities for apprenticeships

Help businesses to create 2,000 new jobs



Provide a pot of £250,000 grant funding and business support

Work with partners to organise two jobs fairs every year

Work with partners to actively promote seven tourism and culture events



Invest £1.1 million in Ashby de la Zouch

Provide face to face business and environmental health advice to 20 growing businesses each year.



## Green Footprints

We want to lead the way in making the district greener – in terms of our physical environment and reducing our carbon footprint.

Our Free Tree Scheme, run in partnership with the National Forest, grows in popularity every year. Coupled with our work to tackle littering and fly-tipping, we're making a real difference to the appearance of communities.

We're pleased to say that people in our district are great at recycling, but we're not planning to stop in our efforts to increase recycling levels in the district.

This year, we're looking at green technologies, making our council homes more fuel efficient by installing air source heat pumps as well as installing electric car charging points in our car parks.

# Green Footprints

## Our aims

■ Communities are clean and green

■ To be an exemplar of green employers

### Key tasks 2018-19

Achieve 'Very Good' BREEAM rating for the new leisure centre in Coalville

Develop a recycling strategy that encourages more households to recycle

Reduce our carbon footprint through agile and mobile working, and making best use of technology

Establish a green policy that calculates our carbon footprint and sets a target and action plan to reduce this year on year

Work with the National Forest to increase the amount of trees planted and support the first international forest festival

Introduce a programme of installing electric charging bays in council-owned car parks

Support Ashby de la Zouch to become a 'timber town'

Work with businesses on litter hotspots to enhance the areas and raise awareness of littering to change behaviour

Develop and deliver a targeted fly-tipping campaign in partnership with Highways England.

### In the next three years we will...

Increase dry recycling by 100 tonnes

Replace 450 solid fuel heating systems in council houses

Reduce our carbon emissions down to support global average temperature increase below two degrees Celsius

Plant 15,000 trees through our Free Tree Scheme

**Achieve Green Flag accreditation for parks across the district – starting with Coalville Park**

Be key stakeholder in the All Party Parliamentary Group litter strategy for North West Leicestershire

Work with Highways England on their network in our district to reduce fly tipping.





# Useful information

If you would like more information about the Council Delivery Plan or any council service, please use the contact details below:

[www.nwleics.gov.uk](http://www.nwleics.gov.uk)

[customer.services@nwleicestershire.gov.uk](mailto:customer.services@nwleicestershire.gov.uk)

 @nwleics

 This is NWLeics

North West Leicestershire District Council,  
Council Offices,  
Coalville,  
Leicestershire,  
LE67 3FJ

153 01530 454545 (Main switchboard)

If you have an emergency outside of normal hours,  
please call 01530 454789

Fax:

01530 454506 (Reception)



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Draft Extract of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Hoult, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson, J Legrys and S Sheahan

Portfolio Holders: Councillors R D Bayliss and T J Pendleton

Officers: J Arnold, Ms T Ashe, Ms K Greenbank, Mr G Jones, Mr C Lambert, Mr J Newton, Mr D Scruton, Mrs R Wallace and Miss E Warhurst

### **33. DRAFT COUNCIL DELIVERY PLAN**

The Head of Legal and Support Services presented the report to Members, drawing Members attention to the new format to enhance the key points and for clarity of reading.

In response to a question from Councillor G Hoult, the Director of Housing explained that a local housing/trading company was being set up to allow the council to do a number of things that it could not currently do as a local authority, for example sell services to businesses outside of the council.

Councillor V Ricichi questioned the viability of the frontage grants for businesses in Coalville. He gave an example of the Former Litton Tree Public House building which had received a grant but had made no improvements, as well as the bus station. He suggested that all businesses in the town be given a business tax break instead so that all benefit. The Head of Economic Development responded that she had been in contact with the owner of the Litton Tree Public House to encourage them to make improvements. She added that the bus station had not received a grant for frontage improvements. They had however received a business grant which would be returned if the regeneration project did not progress.

Regarding the task to give customers the ability to access transactions on line 24 hours a day, Councillor T Eynon was concerned that it would exclude people and suggested it was monitored. However, she was pleased that a key task for 2018-19 was to develop a health and well-being strategy. She also commented on whether the Good Design Guide for housing developments would address accessibility.

Councillor N Smith raised concerns on the number of very small properties that were being built with very small bedrooms and asked if there was anything that could be done to influence the developers to build family sized homes. The Head of Planning and Regeneration stated that the Local Plan set out the range of housing needed and planning policy also backed it up. He explained that it was easy to influence developers on larger developments. He added that there was no longer a National Space Standard and it was the decision of the authority to set the minimum size of rooms. This was not set at the moment but as the Local Plan was being reviewed it was something that could be investigated. Councillor N Smith asked for this to be included in the review.

Regarding the task to ensure anti-social behaviour levels did not increase, even if crime increased in the next three years, Councillor N Clarke felt that the wording was contradictory. The Head of Legal and Support Services agreed to take the comment back to officers.

Regarding the task to formally launch the Good Design Guide, Councillor A C Saffell commented that the designs in the past were poor and the officer had brought in some good improvements, however the designs in some areas had lost the rural feel of the villages. He asked if the guide was based on the current Urban Designer's work. The Head of Planning Regeneration confirmed that it was. Councillor A C Saffell felt that there should be a rural design officer to retain the character of these rural areas in new developments.

By affirmation of the meeting it was

RESOLVED THAT:

- a) The report be noted.
- b) The comments made be fed back to Cabinet when considering the report on 6 February 2018

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.20 pm

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL****CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>REVIEW OF HOUSING POLICIES</b>
Contacts	<p>Councillor Roger Bayliss 01530 411055 <a href="mailto:roger.bayliss@nwleicestershire.gov.uk">roger.bayliss@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>Head of Housing 01530 454780 <a href="mailto:chris.lambert@nwleicestershire.gov.uk">chris.lambert@nwleicestershire.gov.uk</a></p>
Purpose of report	To seek Cabinet approval for the revised policies attached as Appendix 1 and 2 to this report.
Council priorities	Value for Money, Homes and Communities.
Implications:	
Financial/Staff	The resource implications of housing policies can be accommodated from within existing approved budgets.
Link to relevant CAT	Keeping the services policy environment up to date ensures that housing business plan and team plan targets for performance can be achieved.
Risk Management	Having a robust policy environment within which to provide services ensured consistency in decision making and minimises the risk of successful challenge of decisions.
Equalities Impact Screening	Equalities Impact Screenings have been completed for both policies.
Human Rights	None
Transformational Government	Up to date policies that make use of the latest service delivery options and case law precedent ensure we can provide the most effective services possible in the most efficient way.
Comments of Head of Paid Service	The report is satisfactory

Comments of Deputy Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team (CLT), Housing Service Management Team (SMT), Homelessness Working Group, Landlord Services Working Group, Tenants and Leaseholders Consultation Forum (TLCF), Policy Development Group (PDG).
Background papers	<a href="#">Report to Policy Development Group 10 January 2018 – Review of Housing Policies.</a>
Recommendations	<b>THAT CABINET CONSIDERS THE VIEWS OF POLICY DEVELOPMENT GROUP AND APPROVES THE ATTACHED POLICIES.</b>

## 1.0 REPORT

1.1 The Housing Service periodically reviews and updates the policies that provide Officers with a framework for delegated decision making when delivering services. Attached to this report are two revised policies which require Cabinet approval. These policies have been considered by Policy Development Group and their comments are attached as Appendix 3 in the form of the relevant draft minute from the meeting on 10 January 2018.

### 1.2 Allocations Policy – revised (Appendix 1)

Specific changes proposed to the Allocations Policy are detailed in the table attached as Appendix 1A.

The Allocation Policy review period was extended from that originally proposed, to allow the additional flexibility afforded by a change of ICT software system and the move away from a sub-regional scheme to be reflected in the new policy. Previously we have been part of a wider sub regional arrangement with a shared ICT platform, however this is no longer the case, and we have identified and procured our own independent system to hold our data and provide a Choice Based Letting service to applicants. By virtue of being independent from the previous wider scheme a number of amendments could be added to those originally proposed.

The first phase of consultation was carried out in June 2017 and comprised a stakeholder event held on 21 June 2017 where a wide range of internal and external stakeholders were invited together as well as an online survey that was promoted to both stakeholders and households on the housing register that ran from 23 June until the 9 July. There were 114 responses to the online consultation.

As well as the more formal consultation informal discussions were held with stakeholders based on “soft,” feedback where people identified that the current policy wasn’t working or

indeed the policy as written was not worded as people had thought and so adopted practice did not match what was written down.

This formal and informal consultation fed into a revised policy that was published as a consultation draft on 10 November 2017 with comments invited until 27 November. This was again promoted to members of the housing register, other stakeholders and involved tenants. There were 29 responses, 23 from members of the Housing Register and 6 other stakeholders.

There were no significant objections to the revised changes with most comment coming from members of the register who whilst notionally objecting to the approach to the low bands actually felt their individual circumstances were such that they should be a higher priority. In most cases they were alleging disrepair which will afford a higher priority under the existing and future policy anyway.

### 1.3 **Former Tenants Arrears Policy** – revised (Appendix 2)

A number of amendments have been made to the Former Tenants Arrears Policy and associated operational procedures, in the light of experience of operating the previous arrangements. The key policy changes are -

- Introduction within the reasons for write-off of 'Debt Relief Order' (Section 3.6 of Appendix 2). These last for twelve months, after which a review of circumstances will establish whether these may have changed sufficiently for the debt to be written back on against the individual. Debt Relief Orders were introduced after the approval of the previous version of the policy.
- Introduction of debt ranges of: less than £50.00; £50 to £300; and more than £300, which determine the subsequent actions taken to recover the debt by ensuring the cost of debt collection activity does not exceed the value of debt outstanding (Section 3.7 of Appendix 2).

### 1.4 There is a rolling programme of review of policies which will continue to be referred to Policy Development Group in advance of Cabinet consideration.

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# **NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

## **ALLOCATIONS & LETTINGS**

### **POLICY**

To be approved

North West Leicestershire District Council  
Council Offices  
Coalville  
Leics. LE67 3FJ

Tel: 01530 454545

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## **Introduction**

### **Legislative Context**

This Allocation Scheme is governed by the following legislation and guidance, subject to the issue of any further guidance by the Secretary of State:

- Housing Act 1996 (as amended)
- Housing Act 2004, s223 Allocation of housing accommodation by local authorities
- Localism Act 2011 (Parts 6 and 7)
- The Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006
- The Allocation of Housing and Homelessness (Eligibility) (England) (Amendment) Regulations 2012
- Homelessness Code of Guidance for Councils (July 2006)
- Draft Homelessness Code of Guidance for Local Authorities (October 2017)
- The Homelessness (Suitability of Accommodation) (England) Order 2012
- Allocation of accommodation: guidance for local housing authorities in England, 2012
- The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012
- The Housing Act 1996 (Additional Preference for Armed Forces) (England) Regulations 2012
- Allocation of accommodation: guidance for local housing authorities in England (Oct 2013)
- The Homelessness Reduction Act 2017

Section 166A of the Housing Act 1996 provides that local housing authorities must have an allocation scheme for determining priorities and the procedure to be followed in allocating housing accommodation. The requirement to have an allocation scheme applies to all local authorities, regardless of whether or not they retain ownership of the housing stock and whether or not they contract out the delivery of any of their allocation functions.

The scheme must be framed to give reasonable preference to any home seeker who falls within the statutory reasonable preference categories in section 166A (3). Local housing authorities may frame their scheme to give additional preference to particular descriptions of people who fall within the reasonable preference categories and who have urgent housing needs.

While the Localism Act grants local authorities more flexibility over some aspects of allocations, the reasonable preference criteria still apply. This scheme therefore aims to ensure that reasonable preference is awarded to people with housing needs who fall into one or more of the following groups:

- Homeless people as defined by Part VII of the 1996 Housing Act, including people who are intentionally homeless and those who are not in priority need

- People who are owed a duty under section 190(2), 193(2) or 195(2) of the 1996 Act (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any housing authority under s192(3)
- People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
- People who need to move on medical or welfare grounds, including grounds relating to disability
- People who need to move to a particular locality in the housing authority area, where failure to meet that need would cause hardship (to themselves or others)

Further detail on the interpretation of these criteria is set out later in this document.

### **Objectives of North West Leicestershire's Choice Based Lettings scheme**

- To meet the legal requirements for the allocation of affordable housing
- To ensure appropriate levels of priority are afforded to home seekers
- To ensure priority status on the scheme for home seekers with an urgent housing need
- To offer as much choice to home seekers as is reasonably possible
- To let properties in a fair and transparent way
- To support and assist vulnerable home seekers so that they are able to actively participate in North West Leicestershire's Choice Based Lettings scheme
- To provide feedback to home seekers about homes let through North West Leicestershire's Choice Based Lettings scheme
- To encourage and support sustainable communities and social inclusion
- To ensure home seekers are treated fairly, individually and in accordance with the commitment to Equality and Diversity.
- To make best use of affordable housing, to meet the needs of the local community.
- To ensure that properties are let as quickly as possible

### **North West Leicestershire's Choice Based Lettings Scheme Service Standards**

- We will register new applications within 10 working days of receipt provided that all supporting information is available
- When an application is approved, the home seeker will receive written confirmation (either by letter or email) of their housing need band, registration date and information needed to log into the online system and place bids on properties.
- We will review the application each year.
- Any change in circumstances will be updated within 10 working days of receipt provided that all supporting information is available.
- We will complete banding decision reviews within 15 working days.

- We will give advice and information about the application at the home seeker's request

North West Leicestershire District Council will monitor performance in respect of the service standards.

### **Statement on Choice**

North West Leicestershire District Council operates a Choice Based Lettings Scheme. This is predominantly district wide scheme although there may be opportunities for home seekers to apply for a limited amount of social housing outside of District.

North West Leicestershire's Choice Based Lettings scheme seeks to give every eligible applicant (home seeker) as much choice as is reasonably possible in relation to the options they have to meet their affordable housing needs.

The Allocations and Lettings Policy ensures that those home seekers who are in urgent housing need are given reasonable preference within the Choice Based Lettings scheme.

### **Equal Opportunities**

North West Leicestershire's Choice Based Lettings scheme promotes equal opportunities in the services it provides. Our aim is to implement and maintain services which ensure that no potential, or current home seeker is treated less favourably on the grounds of gender, marital status, race, nationality, ethnic or national origin, colour, disability, age or sexual orientation nor is disadvantaged by the application of a rule, condition, or requirement, which has a discriminatory effect which cannot be justified by law.

Help and assistance is available to ensure that all households are able to access North West Leicestershire's Choice Based Lettings scheme. Information can be translated or made available in large print, audio tapes, or other formats. North West Leicestershire's Choice Based Lettings scheme seeks to ensure that it is accessible to all home seekers by ensuring that individuals who may have difficulty in participating in the scheme receive the help and assistance they require. The Housing Choices Team will assist those who do not have a family member, friend, or advocate who can do this on their behalf.

North West Leicestershire's Choice Based Lettings scheme operates in accordance with the Council's Equality and Diversity Policy.

### **Data Protection**

Home seekers have the right to information on all decisions made about the facts of their application. This includes all information used in considering housing need priorities.

Information held by North West Leicestershire's Housing Advice Team about home seekers will only be used in connection with their application for housing. Information will be held and used in accordance with the Data Protection Act 1996 and any subsequent legislation. In normal circumstances, this information is only to be disclosed to partner Registered Providers or other landlords who may be able to offer accommodation. This means that the information and the fact that a home seeker has applied for housing, will not normally be passed onto any third parties without the home seeker's prior written consent, or in exceptional circumstances where disclosure without consent is warranted. These circumstances are defined below:

- Where there are over-riding legal, social, or public interest considerations, e.g. there is a risk of serious harm to the person themselves or others if the information is not disclosed.
- Where information is required by the police as part of a criminal investigation.
- Where information is required by an authority for the assessment or collection of any tax or duty of a similar nature
- Where, because the Council is under a duty to protect the public funds it handles, it may need to use the information provided by home seekers, to prevent and detect fraud. (The information may also be shared for the same purposes with other organisations that handle public funds).
- The information may also be used for statistical purposes, which means we may pass anonymised information, in confidence, to the relevant government department.

However where a third party has been contacted for information to verify the circumstances of an applicant for registration or banding purposes they will by default be aware that a housing application has been submitted.

## **1. The Housing Register**

- 1.1 North West Leicestershire District Council maintains a register of home seekers who wish to be accommodated by the Council and/or Registered Providers operating in the North West Leicestershire District.
- 1.2 Properties that become available to let will normally only be allocated to home seekers on the housing register and preference will normally be given to those with a local connection to the District.

### **Joining the housing register**

- 1.3 Subject to the eligibility and qualification rules set in Section 2, any person over the age of 16 can apply to join the housing register. There are special provisions for 16 and 17 year olds which are detailed in Section 3 of this policy.
- 1.4 Every home seeker must complete an on-line registration form. The information given on the form must be correct. North West Leicestershire District Council reserve the right to disqualify any home seeker from joining the register, withdraw any offer of a tenancy or assist the landlord to recover possession of an existing tenancy if they have knowingly given false information.
- 1.5 Home seekers must provide proof to support their application; for example, they will be asked to provide proof of identity, income, benefits, access rights to children and levels of capital. The application form will clearly set out what proofs are required
- 1.6 North West Leicestershire's Housing Choices Team will make any other enquiries as they deem necessary in order to assess the application. This may involve contacting previous landlords, health or medical advisors, police, or other relevant agencies.
- 1.7 Home seekers must provide a mailing address to which all correspondence can be sent. The address can be the home seeker's home address or an alternative such as that of a family member or friend.

### **Review of the housing register**

- 1.8 North West Leicestershire District Council will aim to undertake a 12 month rolling review of the housing register. Home seekers will be contacted and asked to confirm whether they wish to remain on the register and whether their circumstances have changed.
- 1.9 Home seekers will be expected to respond to the review within 21 days. Failure to respond will result in correspondence being issued advising the home seeker that their registration will be cancelled within 14 days unless there is a response.

- Failure to respond within the 14 days will result in the registration being cancelled without further notice.
- Home seekers may ask for their application to be reinstated if they believe that it has been cancelled incorrectly or unreasonably. An example of where an application could be reinstated is where a home seeker has been in hospital for the duration of the review and does not have a contact who could have responded on their behalf. A request to reinstate an application should be made in writing to the Housing Choices Team Leader. Requests to reinstate an application will not be unreasonably refused.



## 2. Eligibility and qualification

2.1 In considering housing register applications, North West Leicestershire District Council will assess:

- Eligibility - whether a home seeker is eligible for an allocation of accommodation because they meet national, legal eligibility criteria, and
- Qualification – whether a home seeker meets the local criteria for accessing social housing, as described in this policy in sections 2.4 -2.14

### Eligibility

2.2 Eligibility will be assessed in accordance with the regulations. Namely, whether a home seeker is eligible to join the housing register or, may not be allocated accommodation under Part 6 of the Housing Act 1996 S.160ZA because they are persons from abroad who are subject to immigration control or they are a person from abroad, who although not subject to immigration control, are to be treated as ineligible for an allocation of accommodation. Reference will be made to the regulations setting out which classes of persons from abroad are eligible or ineligible for an allocation of accommodation which are contained in the Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006 (SI2006 No. 1294) and amendment regulations in respect of regulations 4 and 6.

2.3 North West Leicestershire District Council reserves the right to seek independent advice and assistance to resolve the issue of eligibility.

### Qualification

2.4 The following circumstances will exclude an applicant from the housing register.

2.5 **Home seekers with no local connection to North West Leicestershire as set out in section 20**– other than in exceptional circumstances, home seekers from outside the district who have no local connection to the district, will not qualify for social housing.

2.6 **Home seekers with the financial means to meet their own housing need** – these home seekers will not qualify for social housing unless they can demonstrate that they have a need for specialist supported, sheltered or extra care housing which they cannot purchase or rent on the open market, or, where the home seeker has a need for wheelchair adapted or other specialist accommodation and they do not have the financial means available (through savings, grants or Equity Loan) to adapt their existing property or the property is not suitable for adaptation and they do not have sufficient resources to secure alternative accommodation that meets their needs.

The tests applied to assess financial means can be found in Appendix Two

An exemption to this criteria may apply should applicants with sufficient means only wish to be considered for hard to let accommodation.

2.7 **Home seekers who lack the capacity to enter into and sustain a tenancy agreement** – home seekers will not qualify for social housing if it is considered that they lack the mental capacity to enter into a tenancy agreement and the obligations and conditions attached to that tenancy. Before making a decision on capacity we will seek representations from professional and other appropriate agencies. Where a home seeker is considered not to have the capacity to hold a tenancy we will work with the appropriate agencies to identify alternative approaches to securing accommodation.

2.8 **Home seekers considered to be guilty of unacceptable behaviour serious enough to make them unsuitable as a tenant** - Home seekers will not qualify for social housing if they are considered to be unsuitable to be a tenant. This must be evidenced and proportionate and take account of the seriousness of the behaviour, the length of time since occurrence, the situation of the home seeker at the time of the event(s) and what steps have been taken to prevent future incidents. Where a home seeker has been found to be intentionally homeless and they are the perpetrator of unacceptable behaviour they will not be eligible to join the housing register.

2.9 The following are examples but not an exhaustive list of reasons as to why a home seeker would not qualify for social housing, either at the point of application or at any time during their time on the housing register, when a change of circumstances occurs and triggers exclusion.

- Behaviour that would give grounds for mandatory possession. For example anti-social behaviour such as causing nuisance and annoyance to neighbours
- Behaviour of the home seeker or a member of the home seeker's household which would entitle the landlord to gain an outright possession order
- Owing a housing related debt greater than £500 to a Council, registered provider or private landlord and there is no evidence of willingness to reduce/repay the debt and there is no evidence of an overriding housing need. Housing debts could include rent arrears, court costs, temporary accommodation charges, sundry debts such as clearance, damage, council tax or repayment of rent deposit (this is not an exhaustive list).

A willingness to pay will usually be considered as regular payments made over a 12 week period to reduce the debt as part of an agreement with the organisation the debt is owed to. Except in exceptional circumstances all agreed payments over this time period should be made without fail. To remain on the register the home seeker will be expected to maintain these payments until the debt is clear.

- Committing certain criminal offences in or near the home and posing a threat to neighbours, the community, staff from the Council, the Council's contractors or Registered Provider or their contractors
- Has been convicted of violence towards a partner or members of the family
- Obtaining a tenancy by deception, for example giving false information

2.10 When making this decision North West Leicestershire District Council will consider:-

a) *What action a landlord would have taken against the perpetrator of the unacceptable behaviour.*

The behaviour must be serious enough that a Landlord would have been entitled to an outright possession order under schedule 2 of the Housing Act 1985 or Schedule 2 of the Housing Act 1988. As an example, cases relating to noise problems, domestic violence, racial harassment, intimidation and drug dealing would probably lead to a possession order. (This is not an exhaustive list)

b) *Whether the behaviour is serious enough to make the home seeker unsuitable as a tenant.*

As an example, accrual of rent arrears that have resulted from factors outside of the home seeker's control, e.g. delays in housing benefit payments or liability for a partner's debts may not be serious enough to make the home seeker unsuitable as a tenant.

c) *When the unacceptable behaviour took place.*

Consideration will be given to the length of time that has elapsed, whether there has been any change in circumstances and behaviour, and whether there are any mitigating circumstances to consider. Evidence of the home seeker working with agencies to mitigate the likelihood of the behaviour occurring in the future will be taken into consideration.

2.11 If all 3 of the considerations listed in 2.9 are satisfied the applicant will not qualify for social housing. When making this decision the Council will consider whether the decision is reasonable taking into account all relevant factors such as health, dependants, or other factors.

2.12 If a home seeker has previously been disqualified for social housing because of unacceptable behaviour but now considers that their circumstances have changed sufficiently they should complete a new registration form. The home seeker will need to demonstrate that their circumstances have changed and that they no longer meet the considerations listed in 2.9 above, for example, that there has been a sufficient lapse of time since the previous application was submitted and there is evidence of sustained behavioural change.

- 2.13 The final decision to exclude anyone from the register on the basis that they do not qualify for social housing rests with the Strategic Housing Team Manager, and home seekers will be informed in writing of the reason why their application has been rejected. They will have the opportunity to appeal against this decision if they feel it is incorrect (see Section 4).
- 2.14 If at any time North West Leicestershire District Council obtains evidence that a home seeker who has already been accepted onto the housing register is ineligible then the home seeker will be advised in writing that their application will be cancelled. Home seekers will have the opportunity to use the review procedure if they feel this decision is incorrect (see section 4).
- 2.15 All cases will be considered on their merits.

### **3. Home Seekers under the age of 18**

- 3.1 Home seekers must be aged 16 years or over to apply to join the housing register but those home seekers under the age of 18 may be subject to locally agreed protocols which will determine the type of property and support services required for them to be considered for accommodation.
- 3.2 Home seekers aged 16 and 17 looking for social housing in North West Leicestershire must provide details of a guarantor. The guarantor must be a responsible person such as a parent or other close family member, or a representative from a support agency, such as Social Services.
- 3.3 Subject to 3.4 home seekers aged 16 and 17 will be assessed in the same way as all other home seekers joining the housing register. Only those with a guarantor in place will be offered accommodation.
- 3.4 When an application is received from a homeless home seeker aged 16 or 17, North West Leicestershire District Council will in the first instance, seek to establish if accommodation should be provided under Section 20 of the Children Act 1989 and will request that Children and Young People's Services undertake a "child in need" assessment. If it is established that the child is not a "child in need" the application will be assessed in the same way as all other home seekers joining the housing register
- 3.5 When an application is received from a lone parent under the age of 18, North West Leicestershire District Council will seek to carry out a joint assessment of needs and support with Social Services. The assessment will only be undertaken after the home seeker has given their consent.
- 3.6 Although under 18s are allowed on the housing register it is at each landlord's discretion if, and under which circumstances, they will rehouse home seekers under 18.

#### **4. Right to Review**

- 4.1 Section 166A(9) of the 1996 Act includes a new requirement for an allocation scheme to give home seekers a right to review a decision on qualification in s.160AZ(9), and to be informed of the decision on the review and the grounds for it. This is in addition to the existing right to review a decision on eligibility.
- 4.2 By virtue of s.160ZA (9) and (10) the Council must notify a home seeker in writing of any decision that he or she:
- is ineligible for an allocation of accommodation under s.160ZA (2) or (4), or
  - is not a qualifying person under s.160ZA (7)
- 4.3 The notification will give clear grounds for the decision based on the relevant facts of the case. Section 160ZA(10) provides that, where a notification is not received by the home seeker, it can be treated as having been given to him or her, if it is made available at the Council's office for a reasonable period.
- 4.4 If the Council considers that a home seeker may have difficulty in understanding the implications of a decision on ineligibility or disqualification, the Housing Choices Team will arrange for the information to be explained verbally in addition to providing a written notice.
- 4.5 Home seekers also have the right, on request, to be informed of any decision about the facts of their case which has been, or is likely to be, taken into account in considering whether to make an allocation to them (s.166A(9)(b)).
- 4.6 If a home seeker is successfully matched for a property but is refused the offer of accommodation by the Council or one of the Registered Provider partners, they should ask for a review of the decision. The Council and each partner Registered Provider operate their own appeals process. A member of the North West Leicestershire Housing Choices Team will be able to provide the home seeker with a copy of the relevant review procedure.
- 4.7 Under s.166A(9)(c) home seekers have the right to request a review of any of the decisions mentioned in paragraphs 4.2 and 4.6 above and to be informed of the decision of the review and the grounds for it. Home seekers wanting to exercise a right to review, or someone appointed by them to act on their behalf, should submit a request, preferably in writing within 21 days of the original decision letter to:

Housing Choices Team Leader  
North West Leicestershire District Council  
Council Offices  
Coolville  
Leicestershire. LE67 3FJ

Requests should indicate the reasons why a request for a review is being submitted and any points that the authority is requested to take into account, and the details of any representative they have appointed. Where a home seeker is unable to provide a written submission, verbal representations will also be accepted.

- 4.8 The officer considering the review will not have been involved in the original decision. The review will take account of the allocation scheme, the relevant legislation and guidance, any information provided by the home seeker or his/her representative and any other relevant circumstances.

Reviews will be completed within 15 working days of the application being received.

- 4.9 If the home seeker is not satisfied with the outcome of the review they can ask for their case to be considered by the Strategic Housing Team Manager. A request for a further review should be made within 15 working days of the date on the Housing Choices Team Leader's letter.

- 4.10 The Strategic Housing Team Manager will not have been involved previously in the case and will normally carry out the further review within 40 working days of the request. A written notification of the decision, including grounds for the decision, will be sent to the home seeker.

- 4.11 If the home seeker is not satisfied with the outcome of the further review, he/she may challenge the decision in the High Court on a point of law. The home seeker has 3 months from the date of the decision letter to apply.

- 4.12 All correspondence will be sent to the mailing address on the home seeker's application. If the home seeker does not have a mailing address the correspondence can be collected from the Housing Choices Team at the Council Offices where it will be kept for a period of 28 days.

## **5. Home Seeker Types**

### **Transfer home seekers**

- 5.1 Transfer home seekers include any social housing tenant with:
- a full assured tenancy; or
  - a secure tenancy; or
  - a fixed term tenancy granted by either a Council or Housing Association on the same basis as a full assured or secure tenancy other than the term; and
  - a local connection to the district.
- 5.2 Unless exceptional circumstances exist, any social housing tenant with an introductory or probationary tenancy will not be eligible to apply to transfer through the scheme until their tenancy is converted to a secure, assured or fixed term tenancy. Equally a transfer applicant will not normally be allowed back onto the housing register within a year of being rehoused unless there has been a significant change in circumstances within that time.
- 5.3 A transfer application must be submitted on-line to North West Leicestershire Housing Choices Team and the date of their registration will be the date on which their form and all necessary proofs are submitted.
- 5.4 All household members must normally be leaving the current property for an application to be considered as a transfer. Housing Managers will be consulted before approval of any transfer request.
- 5.5 Where a transfer application includes existing social tenants within the household it will be expected that they will be a named applicant in order to protect their security of tenure.
- 5.6 Tenants who are only eligible for the same size and type of property that they currently reside in would not normally be given any preference. Only those with a welfare, medical or other exceptional need to move will be considered for preference. (For more details on eligibility, see Section 7)

### **New Home seekers**

- 5.7 New home seekers will be any home seeker who does not fall into the definition of transfer home seeker above and may include those
- living in temporary or insecure accommodation;
  - with assured shorthold tenancies;
  - with licences to occupy,



## **6. Home Seekers with a Disability or a Mobility Need**

- 6.1 There is a separate assessment process for households containing a family member with some form of mobility issue. For example, a member of the household:
- is no longer able to climb stairs or get into a bath
  - has a visual impairment
  - had an accident or illness that has affected their mobility
- 6.2 If a home seeker indicates on their registration form that they have a mobility problem, then they will be asked to complete a separate assessment form that asks questions about mobility problems, the type of property that would be suitable and any adaptation that would be required to the property.
- 6.3 The mobility needs assessment will be used to assess what the home seekers housing needs are and what property types they will have access to and preference for. Where necessary professional help will be sought in order to accurately assess how the individual's mobility issue affects their housing need.
- 6.4 North West Leicestershire District Council will advertise vacancies as they become available. This includes those properties that are suitable for the needs of disabled home seekers, or those that have been specially adapted in some way. North West Leicestershire District Council will include information on the level of adaptations and/or accessibility features within the property advertisement.
- 6.5 Properties that are suitable for home seekers with mobility problems will be clearly advertised with details of any adaptations or special facilities to allow home seekers to bid for properties that will meet their needs.
- 6.6 The Council will aim to make best use of the available housing by matching property characteristics to a household's needs and circumstances.

Where a property is particularly suitable to meet a specific mobility need or could be easily adapted to do so, the decision may be taken to allocate the property through a management allocation (according to the process described in section 13). Home seekers will be selected on the basis of their mobility needs assessment – irrespective of whether they are a transfer or new home seeker. Management allocations will be restricted to situations where a home seeker has very specific needs which are unlikely to be met through the choice based system.

- 6.7 Where a home seeker is unsure as to whether a property would meet their housing need or whether it might be suitable for adaptations they should contact the landlord of the property to inform their decision to bid before the bidding cycle ends.

## **7. Household Eligibility**

- 7.1 Once accepted onto the housing register, every home seeker will be notified by email or letter of their housing need band and their home seeker reference number/login. This will allow home seekers to log into the website where they will be able to view and bid on the properties they are eligible for.
- 7.2 Individual landlords have some discretion to set their own eligibility criteria subject to the framework set out in Appendix One. These will be set out clearly within the advert. By logging in to the Choice Based Lettings system applicants will see the current adverts they are eligible for. If a home seeker thinks that they are unable to bid for properties they believe they should be eligible for, they should contact the Housing Choice Team within the relevant bidding cycle. Where an applicant is bidding for a property that would result in under occupying in terms of benefit regulations they may be overlooked on affordability criteria.

### **Household Definitions - Guidance**

- 7.3 A household is the group of people that would normally be expected to live together. It will often comprise people with caring responsibilities such as a parent, or someone with parental responsibility and children or adults who have demonstrated a long term commitment to living together whether as a couple or other family unit. The purpose of the allocations policy is to house households into suitable accommodation that meets their needs. Moving another person into an existing home will not automatically make them a household member and in some circumstances to address housing need they may be expected to apply for accommodation in their own right. Equally where an applicant expresses a wish to be rehoused with someone they are not currently residing with they will be expected to demonstrate the nature of their long term commitment to living together.
- 7.4 Where a parent has overnight access to their children, an additional bedroom need may be awarded to allow the children to sleep over. Households falling into this category must provide evidence that they have access to the children and provide at least 2 nights of secondary care on a regular basis. This will normally entitle a household to a single additional bedroom regardless of the number of children to whom the home seeker has access. Individual landlords within the scheme may however apply their own policies with regard to bedroom need in these circumstances.
- 7.5 In cases of a shared (joint) residence order, the Council reserves the right to determine, in discussion with both parties, a primary carer for housing purposes. Only the primary carer would be entitled to the full bedroom eligibility for the household.
- 7.6 Single person households with access to children cannot normally be considered for properties larger than a 2 bedroom flat irrespective of the number of children they have access to.

- 7.7 Accommodation designated for older home seekers will be advertised with a minimum age criteria dependent upon the landlord's policy, and properties will be advertised accordingly, indicating any additional services that are available (if any). Where joint home seekers are bidding for this type of property, only one home seeker needs to meet the minimum age criteria stated on the advert.
- 7.8 Family with a disability refers to a household where at least one of the permanent members has a medical or mobility need, and they require an adapted or specially designed property to help meet these needs.
- 7.9 A single parent household is entitled to the same size accommodation as a two parent household with the same number of children.
- 7.10 Where a household includes a pregnant woman the point at which they would be assessed as if the baby has already been born (i.e. the baby is counted as a child), is when the expected delivery date is within 3 months. Exceptions may apply
- 7.11 A child must spend a minimum 4 nights per week with the home seeker in order for them to be classed a permanent resident. Exceptions will be considered, for example in circumstances where the child resides away from the home seeker on a temporary basis but their permanent home is with the home seeker.
- 7.12 A home seeker may add a joint home seeker or household member to their housing register application. Checks will be made to ensure that joint home seekers added are eligible to join and become a tenant. The home seeker's application will be re-assessed based on the combined circumstances of all household members and they will be notified of any changes, for example a change in their housing need band. Where the original home seeker is not a social tenant but they wish to add a social tenant as joint home seeker the application will be reconsidered as a transfer application.
- 7.13 Checks will normally be made in relation to any applicant or joint applicant to verify their circumstances and confirm their housing history. Where an adult household member is included on an application the Council may require checks are carried out on that household member as well before including them on the application to ensure that they are not likely to impact on the applicant(s) suitability to be a tenant.
- 7.14 A joint home seeker may wish to be removed from the existing application and apply separately in their own name. In such circumstances, the home seeker's new application will be backdated to the date they joined the original joint application.
- 7.15 In exceptional circumstances home seekers may be allowed to bid on properties they would not normally be eligible for. In making this decision North West Leicestershire's Choice Based Lettings scheme will consider the

needs of each household and the needs of each landlord to make best use of their housing stock.

### **Supported, Sheltered Housing and Extra Care**

- 7.16 Home seekers will need to satisfy the advertised age rules for the scheme and/or be assessed as having a support need that can be met within supported or sheltered housing.
- 7.17 Home seekers with assessed support needs will be eligible to bid for properties where support is provided or in some cases in general needs accommodation where alternative support arrangements can be put in place. Where a home seeker has bid for supported accommodation it is expected that they will engage with this support to ensure they are able to maintain their tenancy. Home seekers who are allowed onto the housing register because of a need for sheltered or supported housing who would otherwise not be eligible for the register will only be allowed to bid for suitable supported accommodation. The offer of supported accommodation may be subject to a Social Care Assessment.
- 7.18 In applying this policy it is recognised that there will be circumstances where a household's accommodation needs and support needs will need to be met separately. The priority of this policy is to meet a home seeker's accommodation needs. The Housing Choices Team will, where appropriate, work with relevant agencies to help a home seeker meet their support needs.

## **8. Defining Bedroom Requirements**

- 8.1 The partner landlords within North West Leicestershire operate different policies in relation to households who have children of a different sex or a different age sharing a bedroom. The Council's policy is based on the Housing Benefit rules on bedroom eligibility to ensure that issues of affordability are avoided.

The following rules are used to determine the minimum size of accommodation needed by a household:-

A separate bedroom is normally needed for each of the following:

- Every adult couple or single parent
  - Any other person aged 16 years or over
  - Any two children aged under 16 years of the same sex
  - Any two children aged under 10 years regardless of sex
  - Any other child
- 8.2 In assessing any bedroom shortage in a household's existing accommodation, the best fit according to these rules will be taken, if that is different to the pattern of occupation of the existing accommodation.
- 8.3 Rooms that would normally be expected to be used as a bedroom but are in use for other purposes will also be included in the calculation
- 8.4 Home seekers awarded preference based on having a bedroom shortage or surplus will be restricted from bidding for a property of the same bedroom size as currently occupied. Where a household in these circumstances wishes to bid for a property of the same size they will have their banding amended as though they were adequately housed.
- 8.5 Large families (i.e. those with five or more children) will be given additional priority over smaller households for properties with four or more bedrooms.
- 8.6 Where there is evidence of a need for a member of the household to have a separate bedroom (for example, for medical reasons, or because of behavioral issues), then an additional bedroom need can be allowed.
- 8.7 Where a home seeker has a non-resident carer (or group of carers) providing overnight care to a household member then the need for an additional bedroom can be awarded to permit this. The home seeker will need to evidence the need for an overnight carer. This can also include prospective foster carers, on evidence that Children's Services will approve the home seeker as a foster carer subject to availability of suitable size accommodation
- 8.8 For the purposes of defining bedroom requirements, an unborn child will count as a child from within 3 months of the expected date of delivery. This will be calculated by taking the estimated due date provided by the health service rolled back by 3 calendar months.

8.9 The same approach as detailed in section 8.8 above will be taken 3 months before each household member's birthday with regard to calculating bedroom eligibility.

## 9. Assessing Housing Need

- 9.1 Whilst offering choice, North West Leicestershire's Choice Based Lettings scheme must take into consideration the housing needs of each home seeker or permanent member of their household to allow those home seekers in greatest need to be given greatest preference.
- 9.2 We will consider and assess the housing needs of each household. All home seekers who are eligible to join the housing register will be allocated one of five housing need bands by the Housing Choices Team, determined in accordance with their verified housing need. The five bands are as follows
1. Potential Housing Need
  2. Low Housing Need
  3. Medium Housing Need
  4. High Housing Need
  5. Priority Housing Need
- 9.3 Home seekers must notify North West Leicestershire District Council immediately of any change in their housing circumstances. The Council may need to undertake further enquiries before reassessing the application. A home seeker's application may move from one housing need band to another following the reassessment.
- 9.4 If a home seeker feels that their application has been assessed incorrectly, they have a right to request a review of the decision (see section 4).
- 9.5 Home seekers will normally be placed in the highest housing need category they qualify for **except** in the case of Home seekers who fall into the categories outlined in 9.7 below.

### **Band 1 - Potential Housing Need**

- 9.6 Applications will be accepted but normally given no preference if:
- The applicant is in private rented accommodation and has full security of tenure at least comparable to a full assured or secure tenancy and no welfare or medical need to move.
  - The applicant is a homeowner and their existing property is available, suitable and affordable or they can meet their needs within the market but the applicant wishes to be considered for older persons or hard to let accommodation.
  - The home seeker is a transfer applicant whose current accommodation is the correct size for them (as defined in section 8) and who does not

have a welfare, medical or other exceptional need to move. This is termed a 'like for like' transfer application.

- The home seeker is seeking to access affordable home ownership schemes only.

### **Band 2 - Low Housing Need**

9.7 Applications will be accepted onto the housing register and considered in low housing need if:

- The home seeker has been guilty of behaviour within the last 12 months that affects their suitability to be a tenant. The behaviour is not serious enough that enforcement action would normally have been taken and does not warrant exclusion from the housing register on the basis that they do not qualify for social housing. This relates to not only the home seeker, but also other members of their household. The home seeker will remain in the Low Band for 12 months. If there is a relevant change in the household's circumstances during the 12 month period the home seeker may contact the Housing Choices Team to request that their priority is re-assessed. Otherwise the home seeker will remain in Low Band for twelve months following which the home seeker will be able to request a reassessment of their housing need band.
- Home seekers who have deliberately worsened their circumstances to gain an unfair advantage over other home seekers on the housing register may be placed in the Low housing need band for a period of 12 months. This will normally include households who have been found to be intentionally homeless. The application will then be reassessed. If there is a relevant change in the household's circumstances during the 12 month period the home seeker may contact the Housing Choices Team to request that their banding is re-assessed. Home seekers may be considered to have deliberately worsened their circumstances if they have been placed in higher bands but not taken the opportunity to bid for more suitable properties during the fixed period awarded.

9.8 Private Rented Sector Tenants who are adequately housed and are subject to an assured shorthold tenancy (AST).

### **Band 3 – Medium Housing Need**

Preference will be given to home seekers who fall into one of the following categories:

**9.9 Homeless households**



This could include:

- a) Homeless home seekers who are deemed eligible for assistance but do not qualify for a full housing duty.
- b) A home seeker who is owed one of the duties under the Homeless Reduction Act.

**9.10 Poor housing conditions** – home seekers living in unsanitary, overcrowded or unsatisfactory housing conditions. This could include

- a) **Housing that is not in a reasonable state of repair** - Housing failing on this point will be those where **one or more key building components** are old, in a poor condition and in need of major repair or replacement. This means external walls, roof, external windows/doors, chimneys, central heating boilers, gas fires, storage heaters, plumbing and electrics. Where there is evidence that disrepair is a result of tenant damage, additional preference will not be awarded. When making this assessment consideration will be given to individual circumstances, such as whether the damage was caused by an ex-partner or other former family member.
- b) **Housing that does not have reasonably modern facilities and services** -  
Dwellings failing on this point are those that lack **three** or more of the following:
  - a reasonably modern kitchen
  - a kitchen with adequate space and layout
  - a reasonably modern bathroom
  - an appropriately located bathroom and WC
  - adequate noise insulation (where external noise/neighbourhood noise is a problem)
  - adequate size and layout of common areas for blocks of flats
- c) **Housing that does not provide a reasonable degree of warmth** - Housing that does not have a heating system or other means of heating the property or the heating system at the property does not work or is in poor condition will fail this point.
- d) **Overcrowded housing** - This means a household that is one bedroom short of the assessed need for that household.
- e) **Other poor housing conditions** - In exceptional circumstances, other poor housing conditions will be considered where there is evidence that the housing conditions are having a detrimental effect upon the welfare or health of the household.

*[These criteria will be assessed in partnership with Environmental Health services. Where a home is found lacking in relation to these standards, the Environmental Health Officer will consider using the powers available to ensure that the property owner is made to meet acceptable standards. Where it is expected that the disrepair can be remedied in a reasonable time period priority may not be given unless there are unnecessary delays].*

**9.11 Medical need to move** – home seekers with a medical, disability or mobility problem. This could include

- a) Verified high medical need where the home seeker's condition is currently, directly affected by their accommodation and a move to alternative accommodation (which they are assessed as eligible to bid for) would resolve or ease their medical condition.
- b) Level access accommodation is required and there is no prospect of adaptations to the home seeker's current property being made within 12 months. Suitable proof will be required i.e. confirmation from a local Occupational Therapist or landlord. The home seeker may be referred to local agencies for assistance with adaptations. The need for more complex adaptations may result in an award of High Banding

**9.12 Welfare need to move** – this could include

- a) Home seekers suffering from harassment or neighbour nuisance such as verbal abuse or damage to the property. The problems will have been reported to the landlord and/or the Police for action but despite co-operation and support from all parties a satisfactory conclusion not found. The harassment is not at a level whereby the home seeker has an emergency need to move.
- b) Home seekers with a need to be near relatives to give or receive assessed care/support. This would only apply where NOT moving would cause physical, financial, or emotional hardship to either party.
- c) Home seekers with an evidenced need to move closer to specialist educational or similar organisation, agency, or institution. This would only apply where NOT moving would cause physical, financial, or emotional hardship to either party.
- d) Home seekers who need to move to access work. They will either have found permanent employment within the District and need to move closer to work to prevent financial hardship or they are unable to take up an offer of work because the workplace is not accessible from their current home. An assessment will be undertaken; this may involve contacting the home seeker's employer or other agencies such as Job Centre staff.

e) Home seekers who are having difficulty in meeting their housing costs due to financial hardship caused by reasons outside of their control. This could include:

- Reduction in income due to welfare reform such as the Benefit Cap
- Inability to meet housing costs in the private sector due to restrictions in LHA rates where the home is a suitable size
- Being ineligible for housing benefits due to age

***Home seekers who have been given preference due to need for a different sized property under the criteria in 9.10 (d) may be restricted to bid on properties that meet their needs. Preference will not be applied to home seekers who bid on properties of the same size.***

***Similarly, home seekers who have been given preference because they have been assessed as meeting the criteria in categories 9.12 (b), (c) or (d) above, may be restricted to bidding for homes advertised in the areas they have demonstrated a need to move to.]***

***Home seekers who have been given preference under 9.12 (e) because they are affected by welfare reform will still be required to demonstrate that any accommodation offered is affordable.***

#### **9.13 Insecure accommodation – this would include**

- a) Home seekers who currently rent accommodation privately on an assured shorthold tenancy or a tied tenancy and have been served with a valid notice to leave. In many situations these households may already fall into the criteria set out in 9.9.
- b) Home seekers accommodated as a licensee/lodger; or
- c) Home seekers living with family, relatives or friends
- d) Social tenants who have a fixed term tenancy and have been served notice that this will not be renewed, providing they are still eligible for the housing register.

### **Band 4 – High Housing Need**

- 9.14 **Two or more needs from the following Medium housing need band sections** - A home seeker will be assessed as High need if he has been assessed as having two or more needs from the following sections of the Medium housing need band so long as these needs are not determined to share the same underlying cause, for example where damp could be

considered poor housing conditions but also is likely to lead to medical issues. No more than **one** factor to be taken from **each** of the following sections:

- 9.9 - Homeless households
- 9.10 - Poor housing conditions
- 9.11 - Medical need to move
- 9.12 - Welfare need to move

Please note that insecure accommodation is not included in the list above.

- 9.15 **Home seekers where there is overcrowding by two or more bedrooms short of the assessed need** - (the home seeker would not normally be considered eligible to bid for the same size property as currently occupied unless their banding is altered to reflect that fact).
- 9.16 **A home seeker who is living in supported accommodation and the Council has a move on agreement with the housing provider** and their key worker and the Council has agreed that independent accommodation would now be appropriate. The Council may require the key worker to provide a “ready to move assessment,” to support their recommendation.
- 9.17 A home seeker who is living in Residential Care type accommodation where their current needs no longer require such accommodation and all necessary agencies are in agreement that independent accommodation could be suitable with necessary support **and** such support will be available.
- 9.18 **Transfer home seekers who are under-occupying a home which is in high demand from other home seekers and/or where there is assistance available from a local Tenants’ Incentive Scheme** - (the home seeker would not be considered eligible to bid for the same size property as currently occupied).
- 9.19 **Home seekers who are under-occupying a home and are affected by Welfare Reform**
- 9.20 **Home seekers who require adaptations that cannot be economically and/or technically achieved in their existing accommodation.** Home seekers who require adaptations beyond level access accommodation where this cannot be economically and/or technically achieved in their existing accommodation, or that fall outside of the policy of their landlord and/or the DFG criteria, will be deemed to have both a welfare and medical need to move and so will be placed in the High Band. In some circumstances such home seekers will be identified for a direct match to accommodation which is adapted or particularly suitable for the appropriate adaptations.
- 9.21 Home seekers in the High housing need band can remain in this band for up to 26 weeks. If no suitable properties become available during the period, or the home seeker has not been successful in their search for accommodation, their application will be reviewed. In exceptional circumstances, home seekers can be granted an extension up to a further 26 weeks to remain in the High

band. The Housing Choices Team Leader will determine the length of any extension, taking into account a range of factors such as the previous availability of suitable properties and the home seeker's bidding history.

- 9.22 Home seekers in the High housing need band retain the right to respond to properties of their choice. Home seekers will be expected to consider all suitable properties. Failure to bid for suitable properties or refusal of an offer of suitable accommodation will be taken into account if the application is reviewed at the end of the 6 month period. If suitable accommodation had been available within this period the applicant may be considered as having deliberately worsened their own circumstances and placed in low band.
- 9.23 Any applicant that does not have their band extended will be provided with an explanation of why the decision has been made including which properties they would have been expected to bid for. They will be able to request a review of the decision by writing to the Housing Choices Team Leader.

***Home seekers who have been given preference due to need for a different sized property under the criteria in 9.15 may be restricted to bid on properties that meet their needs. Preference will not be applied to home seekers who bid on properties of the same size.***

#### **Band 4 – Priority Housing Need**

- 9.24 Home seekers who have been assessed as having an emergency need to move (see 9.27 onwards) will be placed in the Priority housing need band. Home seekers can remain in the Priority housing need band for a period of up to 8 weeks. If no suitable properties have become available during the 8 week period, or the home seeker has not been successful in their search for accommodation their application will be reviewed. In exceptional circumstances home seekers may be granted an extension, the length of which will be determined by the Housing Choices Team Leader.
- 9.25 Home seekers in the Priority housing need band retain the right to bid for properties of their choice. However, if they fail to use all of their opportunities to bid in any cycle within the Priority period the Housing Choices Team reserves the right to place bids for the home seeker on suitable properties that meet their housing need. The time by which the Home Seeker is expected to have used their bids will be agreed in advance with the Home Seeker. Home seekers will be expected to place bids on all suitable properties and consider all offers of suitable accommodation. Failure to bid for suitable properties or refusal of an offer of suitable accommodation may result in priority not being renewed at the end of the 8 week period. Furthermore at the end of the 8 week period they may be considered to have deliberately worsened their own circumstances and placed in a lower band. Where the home seeker has been

assessed in Priority housing need and the home seeker has been offered a property (at any time throughout the Priority period), that offer will constitute a suitable offer of accommodation in discharge of the authority's duty under Part VII of the Housing Act 1996 as amended.

9.26 The relevant date for short listing home seekers placed in the Priority band will not be the date they joined the housing register, it will be as follows:-

- Homeless home seekers where a full housing duty is owed –the date they presented as homeless
- All other Priority home seekers – the date a decision on priority was made

**9.27 Priority need to move will be recognised in the case of:-**

**a) Homeless Home seekers** – to whom the Council has a statutory duty to secure accommodation as described by Part VII Housing Act 1996

***It should be noted that offers of accommodation to discharge the authority's homeless duty could be made into the private rented sector provided the authority follows its Private Rented Sector Offer policy. Where the homelessness duty has been discharged through a private sector offer the home seeker will have their banding reviewed based on their current circumstances and priority banding will be removed.***

**b) Emergency Welfare need** – circumstances could include (this is not an exhaustive list)

- Home seekers who are subject to severe harassment, threats of violence or actual violence, or threats of physical, emotional, or sexual abuse.
- Home seekers living in a property where the conditions are classed as unsafe or risk of imminent harm that cannot be remedied within a reasonable time (not resulting from damage caused by the home seeker).
- Home seekers living in a property that is statutorily overcrowded
- Young people leaving Care. The home seeker will have been through their housing options with the Council and all other options will have been exhausted.

**c) Emergency Medical need** – circumstances could include a home seeker with a progressive or chronic medical condition combined with other difficulties such as the need for adapted accommodation or the inability to be discharged from hospital to their current accommodation.

**d) Complex Housing Needs-** Would include a number of high need factors which taken together create an urgent need to move. This could be, for

example, a combination of severe physical and learning disabilities combined with stress caused by harassment.

- e) **Management need** – circumstances could include (this is not an exhaustive list)
- Tenants needing an emergency transfer because their current property is in need of urgent repair (includes demolition)
  - Those succeeding to a tenancy that is not suitable to their needs and who have lived in the property for at least the last 12 months
  - Home seekers who have no right in law to remain in their current Council or Registered Provider accommodation, i.e. they have no right of succession but the home seeker has lived in the property for at least the last 12 months.
  - Tenants occupying a wheelchair adapted property they no longer need which could be better used by somebody else.
  - Other urgent need to move
- f) **Displaced agricultural workers** - who qualify for assistance under the Rent (Ag) Act 1976

### **Moving between housing need bands**

- 9.28 A home seeker's housing need band will change if their level of need changes (see 9.4).
- 9.29 When a home seeker moves up to a higher housing need band their effective date will change to the date they moved in to the higher band. The exception to this rule applies to home seekers moving to the Priority Housing band because the Council has a full homelessness duty to them. These home seekers will have their effective date changed to the date the Homeless Relief Duty first occurred.
- 9.30 Home seekers who move to a lower housing need band will retain their current effective date **or** the date they were previously in that housing need band.
- 9.31 Where it is determined on review that the home seeker should have been placed in a higher housing need band, they will retain their existing effective date rather than be awarded the higher priority from the review decision date. Where a review introduced new information not available to the original assessor, the reviewing officer will make a judgement as to the appropriate effective date.
- 9.32 Where a home seeker has been placed in the low band due to deliberately worsening their own circumstances this will normally be reviewed after a

period of 12 months, however if there has been a significant change of circumstances then this review may take place earlier. If it is considered that the change of circumstances has been contrived in order to trigger a review then a further 12 months may be added to the review date.



## 10. Advertising Properties

10.1 The Council will advertise between 90-100% of all empty Council properties through North West Leicestershire's Choice Based Lettings scheme and through the operation of an agreed Service Level Agreement, will encourage partner landlords to advertise the same percentage of their empty homes. An advert will be generated for each property. The advert will contain basic information about the property and the eligibility criteria that home seekers must meet.

10.2 Property adverts may be restricted to receiving bids from or giving preference to certain types of home seeker, for instance, where a local lettings policy has been agreed, or the homes advertised form part of a new development that is subject to letting criteria set out in a section 106 agreement. For example, property adverts may be restricted to home seekers by:

- Home seeker type (New/Transfer)
- Support needs (i.e. Sheltered, Extra Care and Supported)
- Banding
- Home Seeker Age
- Mobility
- Household type and size
- Local Connection
- Economic Status

(this list is not exhaustive and policies will be adapted to meet the circumstances of the estate/development)

10.3 Most Council properties within North West Leicestershire will normally be advertised with equal preference to new and transfer home seekers. Other partners may have set quotas for each type of home seeker. Short listing will be based on the property criteria, home seekers' housing need Band and effective date (see Section15).

10.4 Partner landlords may introduce their own additional criteria for properties. Where this is the case these will be clearly shown on the advert.

10.5 Home seekers will be able to view the weekly property adverts on line or will be able to view/collect a copy from one of a number of local display/collection points in the District. Details of these display/collection points will be sent to home seekers when their application is made live, it will also be displayed on the North West Leicestershire Choice Based Lettings website.

10.6 Home seekers who are unable to view the property adverts on line and who are unable to view/collect a hard copy because there are no local display/collection points or they struggle to access local display/collection points should contact the Housing Choices Team to discuss alternative ways of viewing adverts and placing bids.

10.7 The property listings **may** include details of other affordable housing options in the District. This may include private rented properties, low cost home ownership and Homebuy options.

## **11 Local Lettings Policies**

11.1 From time to time the Council or its partners may introduce a local lettings policy for a specific area or development in order to address local issues or ensure a balanced community. For example a local lettings plan may have regard to the following considerations:

- Providing a mix of household sizes and types in order to provide community stability
- Reducing the likelihood of anti-social-behaviour in areas that have existing high levels of anti-social behaviour.
- Strong local demand
- The protection of vulnerable communities

11.2 Local Lettings Policies should have consideration for the objectives within the introduction to the Allocations and Lettings Policy and the guidelines set out in Appendix One. They should:

- Be developed with a clear objective in mind
- Cover the smallest geography required to meet the objective.
- Be time limited or subject to review.

11.3 Where a local lettings policy applies this will be clearly marked on the advert and a copy of the policy or link to the policy will be made available on the Choice Based Lettings website. As far as possible the shortlisting criteria will reflect the conditions of the local lettings policy allowing a home seeker to make informed choices.

## 12. Bidding for Vacant Properties

- 12.1 Home seekers are responsible for bidding for properties that are advertised. Bidding **does not** involve pledging any money, it is simply the term used for expressing an interest in a property. If a home seeker is unable to search and bid for properties they will be assisted by a member of the North West Leicestershire Housing Choices team (see 10.6).
- 12.2 Home seekers are responsible for ensuring that they place bids in response to property adverts before the stated closing date. Bids received after the closing date **will not** be considered.
- 12.3 Home seekers can place bids in a number of ways. Details of how to bid will be detailed on the Choice Based Lettings website as well as in the scheme guide that is issued to each home seeker together with their banding letter at first registration.
- 12.4 Home seekers can currently place up to 2 bids per advertising cycle. Home seekers can cancel bids and place them on other advertised properties at any time during the bidding period. Home seekers will be informed of their position in the short-list at the time of bidding. In addition, home seekers may respond to any adverts for shared ownership or private rented accommodation that may be published during that particular advertising cycle. If the bidding cycle, or number of available bids is changed this will be communicated to all members of the housing register.
- 12.5 Whilst home seekers are not normally penalised if they fail to respond to properties advertised, home seekers in Priority and High housing bands will be expected to consider **all** suitable properties.
- 12.6 If a home seeker has been assessed in Priority housing need because the District housing authority has a duty to assist with re-housing a homeless home seeker, North West Leicestershire District Council retains the right to discharge the authority's statutory homeless duty by making one suitable offer of accommodation to the homeless home seeker in **any** week of the priority period.
- 12.7 North West Leicestershire District Council reserves the right to change the frequency of the advertisement publication.
- 12.8 North West Leicestershire District Council reserves the right to suspend home seekers and thus restrict their ability to bid for further properties where an offer has been formally accepted
- 12.9 The Council may make a direct offer or place bids on behalf of homeless households where this could prevent or relieve homelessness (for households defined in section 9.9) or meet the Council's duty to secure accommodation (for households defined in section 9.27(a)). In this situation the Council will still have regard to the accepted criteria on suitability of accommodation. Where the Housing Choices Team intends to make a bid on behalf of a

homeless household reasonable attempts will be made to inform the home seeker in advance. Wherever possible the home seeker will be given the opportunity to bid for properties themselves, however an inability to contact the home seeker will not restrict the ability of the Housing Choices Team to place bids on their behalf. The home seeker will not be able to withdraw any bids made on their behalf.

### **13. Management Allocations**

- 13.1 North West Leicestershire Choice Based Lettings scheme aims to give all home seekers choice in where they live. In exceptional circumstances, it may not be possible to offer the home seeker choice and a direct offer of accommodation, or a Management Allocation, may have to be made.
- 13.2 A Management Allocation may be made in one of the following circumstances (this list is not exhaustive)
- When a Council tenant or tenant of a Registered Provider partner needs to be decanted from their property because it requires major refurbishment or repair
  - Where a property has been compulsorily purchased and there is a legal requirement to offer the household a specific property
  - Where the home seeker could pose a risk to individuals or other members of the community
  - Where the Council or Registered Provider partner has decided that this is the best use of stock.
  - Where a home seeker has particular accommodation needs such as mobility requirements that are not likely to be met through the Choice Based Lettings process
  - Where a homeless household is occupying a property as temporary accommodation that would be suitable to meet their long term accommodation needs
- 13.3 Properties to be allocated on a Management Allocation basis will not be advertised through the scheme but information on management allocations will be available to home seekers on the housing register via the Choice Based Lettings website. .

## **14. Difficult to let Properties**

- 14.1 The term 'difficult to let' usually refers to properties that have been advertised twice but have not attracted any eligible bids
- 14.2 If a particular property type has a history of falling within the difficult to let definition, the Council or Registered Provider may alter the eligibility criteria on the next advert to encourage home seekers of a different age or household type to bid. The Council will work with all social housing providers to identify and encourage home seekers who would meet the revised criteria to bid. Alternative advertising methods may then be considered and a management allocation made to someone who expresses an interest in and is eligible for the property.
- 14.3 If the property still remains vacant, then following consultation, consideration should be given to other changes in the eligibility criteria and incentives to attract prospective tenants.

## **15. Short Listing Criteria**

15.1 For all properties advertised, unless they are advertised on a “best fit basis” home seekers who have placed bids and meet the criteria for that property will be short listed in the following order:

- i) By housing need band (Priority to Potential)
- ii) By effective date (=date of registration or more recent date of change of priority)

If two or more home seekers from the same housing need band respond to a property advert, the home seeker who has been in the housing need band for the longest period will be matched first. If both joined the housing need band on the same date the home seeker who has been on the housing register the longest will be matched first.

15.2 In the event of two home seekers with the same registration date applying for the same property, North West Leicestershire housing allocations staff will make a decision between both cases taking into consideration the housing circumstances of each case.

15.3 This will generally mean home seekers who receive no preference (potential housing need band) are less likely to receive an offer of accommodation.

15.4 Non standard properties, including those that are suitable for wheelchair users may be advertised on a ‘best fit’ basis and preference given to home seekers who have been identified as requiring accessible accommodation. Home seekers will be selected based on the level of adaptation they require and the suitability, if available, of accommodation to meet their needs. These properties may be exempt from the short listing process outlined in 15.1. In some circumstances these properties will be directly matched to an applicant.

15.5 Shortlisting will be carried out in accordance with the policies and criteria of the Council’s Housing Management Team or the relevant Registered Provider a copy of which will be available on the Choice Based Lettings Website or by request to the relevant organisation.

15.6 Where there is a shortage of accessible properties, and a failure to adapt a property would lead to unreasonable delays in housing for a disabled person then North West Leicestershire Housing staff will take steps to identify properties which are suitable to be adapted, and consider a management allocation.

## 16. Offering a property

- 16.1 The short listing results for each property will be sent to or accessed directly by the relevant social landlord. They will be responsible for contacting home seekers who have matched for the property and for allocating the property in accordance with their individual Allocations Policy. The Council and participating Registered Providers will work from the short list results provided by North West Leicestershire Housing Choices scheme.
- 16.2 Home seekers who are contacted regarding a property may be asked to provide proof to confirm the circumstances detailed on their North West Leicestershire Choice Based Lettings housing application form are correct.
- 16.3 Home seekers who owe a housing related debt to the Council or a Registered Provider will be advised that any offer of accommodation is subject to the remainder of the debt being paid in full. Home seekers may be asked to provide evidence to prove the debt has been paid.

In exceptional circumstances the requirement to repay the debt in full may be deferred. Circumstances where this discretion may be applied include where:

- A move to alternative accommodation is necessary to avoid significant/exceptional financial hardship
- The home seekers housing circumstances are such that not offering alternative accommodation would result in an excessive burden to either the home seeker or other household members

This will be at the discretion of the relevant Landlord.

- 16.4 If the home seeker is unable to provide proof of their circumstances or if their circumstances have changed to an extent that they are no longer eligible for the property or their banding no longer reflects their circumstances then an offer of a tenancy will not be made.

**NB.** In instances where the home seeker who has matched first for a property is not offered the property, the prospective landlord will provide the home seeker with a valid reason for not offering him/her the property. The home seeker will have a right to review against the decision (see Section 4).

- 16.5 If the home seeker is able to provide the housing provider with the proof requested then the home seeker should be offered the tenancy of the property.
- 16.6 Where a home seeker is being considered for a property that is deemed larger than their needs for benefits purposes the home seeker may be asked to demonstrate how they will make up the shortfall. If a home seeker cannot provide sufficient assurances that a property will be affordable then an offer will not be made. It is not expected that Discretionary Housing Payments will be considered a suitable justification that a property is affordable. If a home seeker is successful in these circumstances and is rehoused into the property



they will not normally be allowed to register for a move in the future based on affordability unless they can demonstrate a change of circumstances.

- 16.7 The housing provider will complete the tenancy agreement with the home seeker. This agreement is the formal contract between the landlord and home seeker, and sets out the details of the property, rental charged, the full names, and the start date of the tenancy.
- 16.8 Landlords will attempt to make contact with the Home Seeker through all means available however if a home seeker is not contactable or does not respond to messages within 48 hours then they may be overlooked for an offer of accommodation. Home Seekers are responsible for updating their contact details to assist with this process. Home Seekers should be given sufficient time to consider an offer of a tenancy. The home seeker will normally be allowed at least 24 hours following a viewing to make a decision.
- 16.9 Home seekers who are identified as vulnerable maybe given longer to consider the offer of a tenancy. Examples of this will include home seekers who are currently in hospital or in some form of temporary accommodation, such as a hostel or refuge or shortly due for release from prison. A decision will be made by the individual landlord according to the circumstances of the home seeker.
- 16.10 Home seekers will not normally be penalised if they refuse the offer of a tenancy but home seekers who refuse, or fail to respond to three suitable offers of accommodation or fail to attend three arranged viewings will have their application suspended for up to six months. They will then be asked to attend an interview with a member of North West Leicestershire's Housing Choices Team. The interview will be used to discuss their housing needs and to offer advice about the type of properties available. Home seekers will be ineligible to make further bids until they have attended the interview.
- 16.11 Home seekers in the Priority housing need band may jeopardise their priority status if they refuse a reasonable offer of a tenancy and their priority status may not be renewed at the end of the initial 8 week period. In the case of "homeless" Priority home seekers, the full rehousing duty will be considered to have been discharged if they refuse a reasonable offer of accommodation at any time within the 8 weeks of their priority status and their housing need reassessed on the basis that they are suitably housed. Homeless Home seekers who are owed the full housing duty have a right of review of a decision of suitability of accommodation through the legislation. This will be set out in a formal offer the home seeker will have received.
- 16.12 Home seekers who are owed Prevention or Relief duties under the Homelessness Reduction Act may find those duties coming to an end if they refuse a reasonable offer of accommodation.
- 16.13 The Council and Registered Provider partners to the scheme reserve the right to withdraw any offer of accommodation. Offers will only be withdrawn when there is just cause. The Council or Registered Provider will explain why the

offer has been withdrawn. The home seeker will have a right to review against the decision (see Section 4). Reasons to withdraw an offer can include circumstances where the home seekers existing property is in a poor state of repair due to their own actions or failure to rectify or report issues.

## **17. Joint tenants**

- 17.1 Home seekers seeking a joint tenancy should have a joint North West Leicestershire Choice Based Lettings scheme application.
- 17.2 The partner landlords within North West Leicestershire Choice Based Lettings scheme encourage joint tenancies.
- 17.3 If one home seeker of a household is unable to join the register (because they are ineligible or non-qualifying), then a joint tenancy cannot be granted.
- 17.4 The partner landlords will consider offering a joint tenancy to household members who have long term commitments to the home, for example, when adults share accommodation as partners (including same sex partners), friends, or unpaid live-in carers.
- 17.5 When a joint tenant serves notice to quit, the partner landlords can, at their discretion, grant the remaining joint tenant a tenancy in their sole name. In exercising their discretion, the landlords will consider whether this is making best use of their stock. The former tenant may join the housing register as a new home seeker.
- 17.6 Where a household member is already a social housing tenant it is presumed that they will be a joint applicant.

## **18. Feedback information**

- 18.1 North West Leicestershire Choice Based Lettings scheme seeks to provide every home seeker with feedback information on previous allocations. This helps home seekers to make informed choices when bidding for future properties based on past trends.
- 18.2 Information on previous allocations through the scheme and an individual home seekers bidding history will be available to view via the Choice Based Lettings website.
- 18.3 The feedback information will include details of the number of home seekers who correctly placed bids for the property and the date of registration and banding of the successful home seeker.
- 18.4 Home seekers will also be able to see their position on the short list by using the website. Although the Council will seek to make the queue position as accurate as possible, there may be circumstances where queue positions will not fully reflect the actual shortlist. Wherever possible this will be highlighted in the advert.
- 18.5 North West Leicestershire Housing Choices Team will seek to contact home seekers in the Priority, High, or Medium bands who have not bid for a property in a 12 month period to ensure they understand how the scheme works and discuss their housing needs.

## **19. Agricultural workers and the Rent (Agriculture) Act 1976**

- 19.1 Under the Rent (Agriculture) Act 1976 North West Leicestershire Choice Based Lettings scheme has a duty towards agricultural workers who are required to leave their tied accommodation.
- 19.2 When considering an application from a displaced agricultural worker North West Leicestershire Housing Choices Team will need to be satisfied that :-
- The property from which the worker is displaced is needed to accommodate another agricultural worker.
  - the farmer cannot provide suitable alternative accommodation for the displaced worker
  - To re-house the vacating worker would be in the interests of efficient agriculture.

All 3 conditions need to be satisfied.

- 19.3 If North West Leicestershire Housing Choices Team is satisfied that the case is substantiated the home seeker's application will be placed in the Priority housing need band (See Section 9.27(f))
- 19.4 If the case has not been substantiated then North West Leicestershire Housing Choices Team will assess the application based on the home seekers other housing circumstances. See Section 9 for further information.

## 20. Definition of Local Connection

- 20.1 Home Seekers will normally only be accepted onto the housing register where they can demonstrate one or more district connections as defined below. Property adverts will identify any further local connection criteria that must also be met such as to a village or parish.
- 20.2 A local connection is established by a home seeker demonstrating one or more of the following:
- (a) They have normally resided in settled accommodation in the District for at least six months at the time of application
  - (b) they have lived in the District for at least six months in the last twelve months, **OR** for at least three out of the last five years
  - (c) they, or a member of their household is employed on a permanent basis or a temporary contract running for a minimum of twelve months, within the District (confirmation will be required from the employer)
  - (d) They have parents (including Guardians), brothers, sisters, or adult children who have been living within the District for at least 5 years with whom they have an ongoing close relationship. The applicant will need to provide evidence to support this connection. Step equivalents will be allowed.
  - (e) They have children under 18 years of age for whom they are not the primary carer but where there are formal access arrangements in place and living closer to the child(ren) would be in the child(ren)'s best interest. The applicant will need to provide evidence to support this connection.
- 20.3 The following groups of people are exempt from the rules on local (District) connection, people with:
- (a) No local connection but are fleeing violence or threats of violence from the District where they reside and they have declared themselves homeless and the full statutory duty to assist with re-housing has been accepted by the Council's Housing Choices Team.
  - (b) Armed Forces and former service personnel where the application is made within five years of discharge.
  - (c) Bereaved spouse/civil partners of members of the Armed Forces leaving services accommodation following the death of their spouse partner; or
  - (d) Serving or former members of the Reserve Forces who need to move because of serious injury, medical condition or disability sustained as a result of their service
- 20.4 The following is not accepted as evidence of a local connection:
- Time spent in any prison or secure unit in the district
  - Time spent in hospital in the district
  - Time spent in any institution such as a refuge or rehabilitation centre in the district
  - Time spent in any other accommodation that is not at the choice of the Home Seekers

- 20.5 Other special circumstances may exist, and all applications will be considered on their individual circumstances.
- 20.6 Where a home seeker has left the District to access specialist short-term accommodation they will normally be considered as maintaining a connection to the District. Where a home seeker has accessed specialist accommodation within the District they will normally be considered as having maintained their connection in their originating authority.
- 20.7 **Town, Village or Parish Connection** - For some housing schemes there are planning restrictions requiring that vacancies should go in the first instance to people who have a connection with the town, village or parish. The detail of the planning restrictions may vary from District to District and local lettings policies may apply.
- 20.8 The factors used to determine a village or town connection **in North West Leicestershire** will normally be as follows, where the main home seeker or joint home seeker can answer 'yes' to any one of the following:-
- I have lived in the village for the last 12 months
  - I work permanently in the village (at least 15 hours a week)
  - I was born in the village or previously lived in the village for 3 years or more
  - I have close relatives who have lived in the village for at least 3 years (close relatives are defined as parents, children, siblings, grandparents, or grandchildren). Step equivalents will be allowed.
  - I need to move to the Parish to be close to a relative or other person in order to provide or receive significant amounts of care and support

Home seekers should refer to the criteria set out in the property advert

## **21. Complaints Procedure, Service issue**

21.1 As part of our commitment to improve Customer Service, we have implemented a Corporate Complaints Policy. We want to make sure that any complaints we receive are dealt with:

- Fairly
- Honestly
- Quickly

We want you to be able to tell us where our services or policies are failing, because without your feedback we cannot improve the service we provide.

### **21.2 What is a complaint?**

A formal complaint can be made when:

- The service has let you down
- We have not done something we said we would do
- We did something wrong
- The service we provided was unfair

### **21.3 What is not a complaint?**

A request for service is not a complaint. For example, if you want to 'complain' about a noisy neighbour, we will treat it as a request for service because there are set procedures to follow. Furthermore if you do not agree with your banding this will be treated as a request for review in the first instance. Your request could become a complaint if we do not take the appropriate action, or we do something wrong.

### **21.4 How do I make a complaint?**

You can write us a letter, telephone us, send an e-mail, tell one of us verbally, or complete an online form we will treat your complaint seriously and professionally. For the complaint to go through our formal procedure, we will require your contact details.

We will need to contact you:

- If we need further information
- When we want to update you with the progress of your complaint
- When we have finished our investigation and need to provide you with a formal response.

### **21.5 What will happen after I have complained?**

- Your complaint will be passed to the Corporate Complaints Officer who will monitor the progress of your complaint from start to finish.



- You will receive a written acknowledgement within two working days of making your complaint.
- Your complaint will be passed to the Head of Service of the Department concerned for investigation.
- We will keep you informed at all times of the progress of your complaint.
- At 10 working day intervals we will send you a progress update letter.
- If we have not been able to resolve your complaint after 20 working days, it will be referred to the Council's Chief Executive.
- When your complaint has been fully investigated, we will send you a formal response by letter.

#### **21.6 What if I am not satisfied with your response?**

If you are not satisfied with our response, you can take your case to your local councillor or the Local Government Ombudsman for independent judgement.

#### **21.7 What action will you take to ensure my problem is not experienced by others?**

When we have finished our investigation, we will identify where our service failed and make any necessary changes to procedures to ensure that our customers are not inconvenienced in the same way again.

Whilst we make every effort to get things right first time, we accept that there are occasions when our services will not meet your expectations. We want to actively encourage complaints and feedback to help our services improve.

If you have been let down by a service, or we have not met your expectations, please let us know as soon as you can so we can address any problems. Our contact details are listed at the back of this policy.

## **Appendix One: Eligibility for properties**

Each landlord participating in the choice based lettings scheme may set their own eligibility criteria for properties taking account of a range of factors including supply and demand in relation to different property types.

The broad principles the council will expect to be adhered to include

- To ensure best use of stock in normal circumstances the Council would not expect an allocation that left a household under-occupying by more than one bedroom
- We would not expect an allocation to lead to a household being overcrowded except in the case of particularly large households for whom there is not sufficient large accommodation within the district or in other exceptional circumstances where a household has very specific needs for which there is not adequate sized accommodation.
- We would normally expect bungalows and other level access accommodation to be made available to people with a mobility need or older people regardless of other support needs unless they form part of specialist provision such as a grouped sheltered scheme.
- Properties that are designed for people with support needs may be advertised specifically to people who have a requirement for support.
- Properties may be advertised with age criteria where there are management grounds to do so.

When using fixed term tenancies North West Leicestershire District Council expect partner landlords to have adopted a clear published tenancy policy. This policy should have regard to the North West Leicestershire Tenancy Strategy 2012.

## Appendix Two - Affordability Calculations

A household exceeding either the income or the equity/savings thresholds in the following table will be considered as having the means to meet their own housing needs within the private sector<sup>1</sup>. This figure will be reviewed annually.

Home seekers over the age of 60 who are applying for sheltered or specialist supported accommodation are exempt from the affordability limits.

Household Type <sup>2</sup>	Income	Savings and equity
Single	£45,000	£35,000
Couple	£50,000	£35,000
Family with children	£55,000	£35,000

Equity and savings can include but are not limited to: shares; bonds; commercial property; residential property; property abroad and money apportioned through the proceeds of a divorce settlement, inheritance or any form of cash windfall.

The calculation of affordability will take into account:

- The availability of any equity
- Whether the home seeker would be eligible for a mortgage
- The supply and affordability of accommodation suitable for the home seekers specific needs on the private market for either sale or rent (for example where the home seeker requires specially adapted accommodation or supported housing)
- Whether adaptation of the existing property is a viable option
- The capital gained from the sale of any property within the last 5 years and how this was disposed of

These criteria may be reviewed should application of the policy be seen to be unfairly disadvantaging a home seeker or their household where other factors indicate that they will be unable to meet their needs in the private sector. This will be considered on a case by case basis.

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<sup>1</sup> Assessment of income and equity levels is based on housing market and affordability data from Hometrack Housing Intelligence (July 2017).

<sup>2</sup> The household definitions within section 7 will apply

## **Contact Details**

For more information contact the Housing Choices Team at North West Leicestershire District Council

Visit us (Monday to Friday 8.45am – 5pm) at:

Housing Choices  
North West Leicestershire District Council  
Council Offices  
Coolville  
Leicester  
LE67 3FJ

### **Write to us at:**

Housing Choices  
North West Leicestershire District Council  
Housing Division  
Council Offices  
Coolville  
Leicester  
LE67 3FJ

### **Telephone:**

0800 183 0357 (Monday to Friday 8.45am to 5pm)  
01530 454789 - Out of Hours and weekends 24 hours 7 days a week

**E- mail:** [housing.advice@nwleicestershire.gov.uk](mailto:housing.advice@nwleicestershire.gov.uk)

**Website:** <http://www.nwleics.gov.uk/housing>

## Summary of main changes to Allocation Policy

<b>Section</b>	<b>Summary of change</b>
throughout	Removal of references to the sub-region. The original policy was written to deliver a sub-regional Choice Based Lettings System, however when the allocations policy changes are implemented the Leicestershire sub-regional system will no longer be in operation and so this policy is written as a standalone policy covering North West Leicestershire Lettings only.
2.7	Following feedback we have provided further clarification on how we will approach home seekers who may not have the capacity to hold a tenancy
2.9	We have increased the level of debt which may lead to an exclusion from the register to £500. The £300 figure was set when the scheme was first developed as a proxy for one month's rent and this increase reflects the increases in rents over the life of the policy. We have also clarified within the policy what we would consider as "willingness to pay".
5	We have changed the way we describe home seeker types. To avoid ambiguity we now set out who is a transfer home seeker and therefore anyone else is a new home seeker
7.3 and 7.4	We have better defined how we determine bedroom entitlement in situations of shared access to children.
8.4	We have clarified how we treat home seekers that have been banded to reflect the need for a different sized property should they then not bid for a differently sized property.
8.9	This flexibility before actual birthdays acknowledges the time lag between bidding for properties and being rehoused and the feedback that people should have a chance to plan ahead and replicates the approach we already take to babies before they are born
9.6	We have introduced an additional band "potential housing need" for households who qualify to join the register but who currently have secure, affordable and suitable accommodation and so no "need" to move under this policy. Households only seeking access to affordable home ownership schemes via the register will also be placed in this band.
9.7	We have clarified what will normally happen to home seekers who do not bid for available properties whilst placed in the time limited higher bands
9.10	We have clarified that where a property is in disrepair but that is as a result of tenant damage preference will not be awarded
9.13	We have included reference to fixed term tenancies that will not be renewed as the policy was previously silent on the issue
9.17	We have explained how we treat people who no longer require residential care as these circumstances were not covered in the original policy.
9.20	We have extended the high band to include home seekers who require adaptations which cannot be economically or technically achieved in their existing accommodation.

9.21, 9.22, 9.23	We have extended the review period for households in the high band from 16 weeks to 26 weeks and clarified the review process.
9.25	We have defined the review outcome for those in the Priority Band who after review are considered to have deliberately worsened their circumstances.
9.32	This new section clarifies the circumstances where we will review the banding of someone who is deemed to have deliberately worsened their own circumstances
11	This section provides clarification on how and when a local lettings policy can be used
12.8	This introduces the right for the Council to prevent home seekers from bidding for further properties once they have formally accepted an offer of accommodation
12.9	We have included a statement allowing us to bid on behalf of homeless households. This is to give us an opportunity to make offers of accommodation in the future to people to whom we have duties under the Homelessness Reduction Act.
13.2 and 15.4	We have increased our flexibility with regard to matching people with particular needs to properties suited to meet those needs.
16.6	This clarifies how we will deal with home seekers who have come up for an offer of accommodation which is larger than their defined need for benefit purposes
16.8	This clarifies the circumstances when a home seeker may be overlooked if they cannot be contacted about an offer
17.6	This is included to protect the security of tenure of social tenants in the case of applications from other household members.
16.13	This clarifies that an offer may be withdrawn if an existing tenant has damaged their current property and is not in a position to rectify before moving
Section 20	We have redefined our local connection rules: 20.2(e) We have included “primary carers” in some circumstances. 20.4 We have excluded time spent in temporary accommodation, hostels or refuges 20.6 We have explained how we deal with people who have to move between LA boundaries to access specialist accommodation
Appendix One	Rather than set out a matrix of properties people are eligible to bid on we now set out broad principles we expect landlords to follow. This is because there is now so much variation between landlords a single matrix is no longer representative
Appendix Two	We have updated the figures we use to assess financial means to better reflect the current housing market.

## Changes since consultation draft published

7.12 Checks will normally be made in relation to any applicant or joint applicant to verify their circumstances and confirm their housing history. Where an adult household member is included on an application the Council may require checks are carried out on that household member as well before including them on the application to ensure that they are not likely to impact on the applicant(s) suitability to be a tenant.

**This has been included to allow checks to be made on adult household members who are not applicants. This is to stop people choosing who is a joint applicant so as to hide previous history**

Disrepair (Medium Band)

*[These criteria will be assessed in partnership with Environmental Health services. Where a home is found lacking in relation to these standards, the Environmental Health Officer will consider using the powers available to ensure that the property owner is made to meet acceptable standards. Where it is expected that the disrepair can be remedied in a reasonable time period priority may not be given unless there are unnecessary delays].*

**This clarifies that we expect disrepair to be resolved if possible rather than move a tenant if that is an option.**

Welfare Need (Medium Band)

- a) Home seekers who need to move to access work. They will either have found permanent employment within the District and need to move closer to work to prevent financial hardship or they are unable to take up an offer of work because the workplace is not accessible from their current home. An assessment will be undertaken; this may involve contacting the home seeker's employer or other agencies such as Job Centre staff.

**This has been amended to support the Job Centre to get customers into work where geographic barriers are the single biggest factor.**

Management Allocations

- Where a homeless household is occupying a property as temporary accommodation that would be suitable to meet their long term accommodation needs

**This allows us to do temporary to permanent offers if we choose to use our own stock as temporary accommodation in the future**

5.2 Unless exceptional circumstances exist, any social housing tenant with an introductory or probationary tenancy will not be eligible to apply to transfer through the scheme until their tenancy is converted to a secure, assured or fixed term tenancy. Equally a transfer applicant will not normally be allowed back onto the housing register within a year of being rehoused unless there has been a significant change in circumstances within that time.

**This attempts to avoid the revolving door of transfer applications**

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HOUSING SERVICE POLICY	
<b>Area</b>	: Rent Accounting
<b>Department</b>	: HRA Business Support
<b>Subject</b>	: Former Tenant Arrears Recovery Policy

**Procedure Ref:** FTA RA - 2017**Owner:** Rent Accounting

HRA Business Support Team  
Manager/ Finance Systems Team  
Leader

**Date approved:****Effective date:** October 2017

Please state what policy &amp; documents (if any) this procedure is linked to:

**Income and Rent Arrears Recovery Policy**  
**Income and Rent Arrears Recovery Procedure**  
**Former Tenant Arrears Procedure**  
**Write Off Policy and Procedure**  
**Eviction Protocol**  
**Protocol for making Rent Arrears Arrangements**  
**Terminations Procedure**  
**Allocations Policy**  
**Former Arrears Process**

Version	Date	Details of amendment	Creator/ amender	Approved by	Next review due
1	April 2007	N/A	Andrew Wallace	Amanda Harper	2010/2011
2	November 2011	Added Section 4 – Bereavement Allowance Added Section 7 - Allocation	Andrew Wallace	Amanda Harper	By December 2013
3	March 2017	Rent Accounting taking on	David Moxon	Amanda Harper / Tracy Ashe	

		accountability for FTA			
4	July 2018	Policy Review	David Moxon		October 2019

Copies of this document are available upon request and can be obtained in large print or translated into other languages, if required.

## **FORMER TENANT ARREARS POLICY**

### **Statement of Purpose**

North West Leicestershire District Council (the Council) aims to collect all debts owed from former tenants in order to maximise its income and achieve its objectives of delivering an efficient and cost effective Housing Management service.

The Council will pursue former tenants' arrears for such time as is economically viable. The Council may consider taking enforcement action such as seeking a Court order, and in turn applying for Enforcement action such as an Order to Attend Court for questioning or Attachment of Earnings. Information on what action can be considered can be found within the Procedure.

The Policy will be publicised in plain language and made available to tenants on request. This document can be obtained in large print or translated into other languages, if required.

### **1. Scope of the Policy**

- 1.1 Former tenants are tenants who have terminated a tenancy, or the Council has terminated the tenancy. Such tenancies can often have an outstanding debit or credit related to the property they have vacated. Where there is a credit on the account the Council will ensure that there are no other debts owed by the account holder before giving a prompt refund.
- 1.2 Where a tenancy is terminated and there are arrears on the account, the Council's Policy for the collection of former tenant arrears is based on a transparent, fair and equitable approach.
- 1.3 The Council has Income Assistants who have responsibility for dealing with the former accounts. The Income Assistant works within the Rent Accounting team.
- 1.4 When a tenant terminates their tenancy, they are encouraged to pay any outstanding arrears of rent and will be advised of the implications involved if rent arrears are not paid in full.
- 1.5 The Council will ensure that no individual is discriminated against on grounds of marital status, sex, disability, age, sexual orientation, racial ground or other personal attributes including religious beliefs or political opinions.

**1.6 Every case is considered individually and we will consider all personal circumstances and the financial viability of recovering the debt.**

## **2. Objectives of the Policy**

- 2.1 The overall objective of the former tenant arrears policy is to maximise income from former tenant's debt by responding to former debts promptly and in a flexible style that is firm but fair.
- 2.2 A former tenant who has arrears will be encouraged to agree a repayment plan that is affordable, sustainable and devised with customer care and cost effectiveness in mind.
- 2.3 The Council recognises that a fair and flexible approach should be used when making an agreement to pay off former tenant arrears.
- 2.4 Detailed procedures for arrears recovery ensure that each case will be regularly monitored and the appropriate action taken.
- 2.5 The Council will endeavour to provide support and assistance to former tenants with referral to independent debt and money advice services where appropriate.
- 2.6 The Council will aim to collect all former tenant arrears without recourse to legal action through the use of repayment arrangements.
- 2.7 All arrangements or agreements will be monitored by the Income Assistant and where necessary the legal department, until the account has been cleared.
- 2.8 The Council recognises that arrears can occur for a number of different circumstances and will therefore tailor it's recovery process to suit.

## **3. Further Intervention**

- 3.1 Where attempts to recover arrears by letter have failed, or the whereabouts of the former tenant is not known, the Income Assistant will use all information and opportunities available to locate them, including tracing agents, where it is cost effective to do so.
- 3.2 Legal action to recover the arrears will be taken in cases where an assessment of the former tenant's financial circumstances indicate that such action would be appropriate.
- 3.3 If we believe the debt is recoverable we will request that Legal Services request the following:
- CCJ
  - Attachment of Earnings
  - Attachment of Benefits

We will do this by providing a full case history of actions taken to date including Money Claim On-line which will be completed by the Rent Accounting Team. It will be recommended on a case by case basis what legal action is appropriate which might include:

- Letter from Legal Services chasing debt
- Refer to Small Claims Court for an order

In the event of the latter, once a date for the hearing is given Legal Services will in all cases write once again encouraging voluntary arrangement to be entered into to avoid a court hearing.

- 3.4 Where the arrears are in respect of a deceased tenant action will be limited to contacting the next of kin or executor to claim against the estate.
- 3.5 Where a debt is uneconomical to pursue or there is no prospect of recovery (see Former Tenant Rent Recovery Procedure), consideration should be given to it being written off. Before any case is now considered for write off, the case must be consulted with the Finance Systems Team Leader to ensure all necessary action has been taken before seeking approval from the HRA Business Support Team Manager and Head of Housing.
- 3.6 In the event of a Debt Relief Order being granted by the Court the debt outstanding will be written off. After 12 months this position will be reviewed and the debt reinstated if the debt relief order has not been renewed.
- 3.7 Debt recovery activity will be focussed into three categories based on the value outstanding. These will be -
  - <£50.00,
  - £50 to £300
  - >£300

Actions to be taken in each of these categories will be specified in the relevant procedure. The categories will ensure an appropriate level of debt recovery expense is incurred, which is proportionate to the amount outstanding.

#### **4. Bereavement Allowance**

- 4.1 The Council asks for 4 weeks' notice for all terminations, including terminations on death. The Council however, will waive the 4 week notice period (rent due) for terminations upon death, if the account is not in credit, to ensure that the Council does not cause undue stress and anxiety to grieving families at these difficult times
- 4.2 Should families choose to or over run the notice period, and further rent becomes due after the 4 week notice period, the Council will write to the executor/administrator of the estate and ask for them to repay that amount out of the deceased's estate.

- 4.3 If the deceased tenant has no estate, the arrears at the time of termination will be written off.

## **5. Review & Performance Monitoring**

- 5.1 The Council will formally review its Former Tenant Arrears Policy on a bi annual basis, taking into consideration strategic and 'best value' aims and objectives and agreed local indicators.
- 5.2 Officers responsible for collecting Former Tenant Arrears will be monitored via their one to one's and weekly performance information will be made available to them. In addition, the Housing Department will continue to collect statistical information regarding the amount of money collected, the amount of money written off set against challenging targets aimed to keep the Housing department improving
- 5.3 Housing will continue to benchmark performance against authorities across the country enabling us to ensure our FTA Policy maximises income collection.

## **6. Complaints**

- 6.1 The Council operates a Complaints Procedure that is available to any person who is not satisfied with the way in which their case has been dealt with. Details of the complaints Procedure can be obtained from the Council Offices, Whitwick Road, Coalville LE67 3FJ or by telephoning 01530 454545.
- 6.2 Separate from the Complaints Procedure any tenant who disputes the amount of former tenant arrears or any repayment programme can ask for an explanation from the Income Assistant or ask for an appointment with the Senior Housing Officer if the matter relates to an occurrence during tenancy. The Senior Housing Officer will review the case and in the event of any dispute will refer the case to the Team Manager for Housing Management.

## **7. Allocation of properties to Former Tenants with debts**

- 7.1 If a Former Tenant registers their interest in a property within the sub region, they must include information about previous addresses
- 7.2 This information can then be used to check whether there are outstanding monies owed by the former tenant before an offer is made.
- 7.3 If the home seeker owes a housing related debt or more than £300.00 to any of the partner Council's or another social landlord and there is no satisfactory arrangement to repay the debt, or where regular payments have not been maintained, the home seeker will be placed in the low banding. Payments must be paid over a minimum period of 12 weeks both at the time of the application

and at the time of the offer being made. Where the home seeker is able to demonstrate that they have maintained a payment plan for more than the 12 consecutive payments, they can contact the Housing Service to request that their priority is re-assessed

- 7.4 The exception to the rule is where a home seeker is in priority need of housing, due to homelessness. Any other priority application will be reduced according to the Allocations policy

Draft Extract of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 10 JANUARY 2018

Present: Councillor M Specht (Chairman)

Councillors N Clarke, T Eynon, J Geary, D Harrison, G Hault, P Purver, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson, J Legrys and S Sheahan

Portfolio Holders: Councillors R D Bayliss and T J Pendleton

Officers: J Arnold, Ms T Ashe, Ms K Greenbank, Mr G Jones, Mr C Lambert, Mr J Newton, Mr D Scruton, Mrs R Wallace and Miss E Warhurst

### **36. REVIEW OF HOUSING POLICIES**

The Head of Housing presented the report to Members, detailing the revisions to the Allocations Policy and the Former Tenants Arrears Policy. He also drew Members attention to an error on the front page of the report regarding equalities impact screening, it should read 'Equalities impact screenings have been completed for the two policies.'

Councillor T Eynon requested to see the equalities impact screenings as she would like further details regarding accessibility, as she believed people were being digitally excluded.

Councillor N Clarke asked what the advantages were for moving away from a sub-regional scheme. The Head of Housing explained that it made the process easier for people moving across Leicestershire.

Councillor N Clarke commented that he often saw his constituents struggling to use the choice based lettings system as it was difficult to use on a mobile phone, plus the process was lengthy, especially when calculating the banding. The Head of Housing stated that the team were always looking for ways to improve the bidding process and the move to a new software supplier should also help. The Strategic Housing Team Manager explained that the current ICT software had been in place since 2010 and was a little outdated, hence the move to a new ICT platform. He added that under the new policy, banding assessments would be clearer but the team would be happy to assist people where needed either in person or over the telephone.

By affirmation of the meeting it was

RESOLVED THAT:

- a) The report be noted.

The comments made be fed into Cabinet when considering the report on 6 February 2018.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.20 pm

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>INTRODUCTION OF PUBLIC SPACE PROTECTION ORDER IN RELATION TO DOG CONTROL (PSPO)</b>
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Alison Smith 01530 835668 <a href="mailto:alison.smith@nwleicestershire.gov.uk">alison.smith@nwleicestershire.gov.uk</a>  Strategic Director of Place 01530 454555 <a href="mailto:james.arnold@nwleicestershire.gov.uk">james.arnold@nwleicestershire.gov.uk</a>  Head of Community Services 01530 454832 <a href="mailto:paul.sanders@nwleicestershire.gov.uk">paul.sanders@nwleicestershire.gov.uk</a>
Purpose of report	Cabinet to note the conversion of the existing Dog Control Orders to Public Space Protection Order (PSPO) following public consultation. To approve the introduction of an additional measure “Means to Pick Up” to the Public Space Protection Order following the public consultation.
Reason for Decision	A change in National Legislation
Council Priorities	Value for Money Homes and Communities
Implications:  Financial/Staff  Link to relevant CAT  Risk Management  Equalities Impact Screening  Human Rights  Transformational Government	N/A  N/A  See below  See below  N/A  N/A

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	General public Chief Constable of Leicestershire Police Police and Prime Commissioner
Background papers	Anti-Social Behaviour, Crime and Policing Act 2014
Recommendations	<b>THAT CABINET APPROVES THE INTRODUCTION OF A PUBLIC SPACE PROTECTION ORDER IN RELATION TO DOG CONTROL ACROSS THE ADMINISTRATIVE AREA OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL</b>

## 1.0 BACKGROUND

- 1.1 In 2014 the Government introduced new legislation called the Anti-Social Behaviour, Crime and Policing Act. This Act removed some existing legislation in this particular case, Dog Control Orders which relate to dog fouling and other matters relating to dog control. The replacement legislation created by the Act is called a Public Space Protection Order (PSPO).
- 1.2 These orders allow Local authorities to put controls in place on public spaces if satisfied on reasonable grounds that two conditions are met:
1. Activities carried on in a public place within the Authority's area have had a detrimental effect on the quality of life of those in the locality, or it is likely that activities will be carried on in a public place within that area and that they will have such effect.
  2. The effect, or likely effect, of the activities – is, or is likely to be, of a persistent or continuing nature, is or is likely to be such as to make the activities unreasonable and justifies the restrictions imposed by the notice.
- 1.3 Under the Clean Neighbourhoods & Environment Act 2005 North West Leicestershire District Council implemented Dog Control Orders as set out in appendix 1. We have decided to not continue with 4 – not keeping a dog on a lead, as on reviewing our records we have not needed to use our powers in relation to this order and do not see that they will be required going forward. Orders 1-3 have automatically converted to PSPO's under the new legislation.

- 1.4 Also, as a result of the consultation exercise, the Council has identified that an additional measure was required as detailed in appendix 2. “This is to introduce as a PSPO means to pick up”.
- 1.5 The Act requires a period of public consultation via the Council’s website together with Consultation with the Chief Constable of the Leicestershire Police and the Police Crime Commissioner for Leicestershire.

The consultation has taken place and the results are as follows, (It should be noted that there were only 7 responses to the consultation which were mainly by Parish Councils).

- Dog Fouling – 100% in favour
- Failing to put dog on lead by order – 86% in favour
- Offence of taking or keeping a dog in a fenced children’s play area and the playing service of any designated or marked out sports pitch or athletic area – 100% in favour.
- Offence to require persons to carry a “poop” bag or other means for clearing up after their dog has fouled – 86% in favour.
- The Chief Constable of Leicestershire Police did not respond.
- The Police and Crime Commissioner for Leicestershire responded but had no comment to make on the matter.

## **2.0 LEGAL ISSUES**

- 2.1. The District Council receives many complaints regarding dog control particularly fouling. Whilst ongoing campaigns and education regarding this issue have been and continue to be carried out the enforcement sanction is required in order to deal with those persons who continue to allow their dogs have a detrimental effect on the community.
- 2.2. The penalty for a breach of a PSPO is a Fixed Penalty fine of £100 (Reduced to £60 if paid within 10 days).
- 2.3. Should the matter proceed to the Magistrates Court then the maximum fine upon conviction is £1,000.

## **3.0 RESOURCE ISSUES**

- 3.1 The legislation requires appropriate signage outlining the PSPO to be displayed at identified locations across the District. A budget of £3,000 has been allocated in 2017/18 Public Protection operational equipment.
- 3.2 The legislation is a replacement to existing powers and available to authorised enforcement officers.

## **4.0 EQUALITY ANALYSIS IMPLICATIONS/OUTCOMES**

- 4.1 The Council’s equality duties have been taken into account and relevant exemptions put in place for people with particular characteristics. Further information can be found in appendix 2.

## **5.0 RISK MANAGEMENT IMPLICATIONS**

- 5.1 The PSPO allows authorised officers to carry out their duties in relation to the enforcement of dog control.
- 5.2 The order has to be reviewed by the Authority after three years when it can be renewed, altered, or cancelled.

## **6.0 RECOMMENDATION**

- 6.1 Cabinet to note the conversion of the existing Dog Control Orders to Public Space Protection Orders at appendix 1 following public consultation. To approve the introduction of “Means to Pick Up” at appendix 2 to a Public Space Protection Order following Public Consultation.

## Appendix 1 – Dog Control Orders

1-3 are existing Dog Control Orders which have converted to PSPOs  
4 was a Dog Control Order which has been removed from the PSPOs

### 1. Dog Fouling

If within the administrative area of the Authority a dog defecates at any time on land to which the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission and a person who is in charge of the dog at the time fails to remove the faeces from the land forthwith, that person shall be guilty of an offence unless:

- He/she has reasonable excuse for doing so; or
- The owner, or occupier or other person or authority having control of the land has consented (generally or specifically) to his/her failing to do so.

### 2. Leads by Order

A person in charge of a dog shall be guilty of an offence if, at any time, within the administrative area of the Authority he/she does not comply with a direction given to him/her by an authorised officer of the Authority to put and keep the dog on a lead unless:

- He/she has reasonable excuse for failing to do so; or
- The owner, occupier or other person or authority having control of the land has consented (generally or specifically) to his/her failing to do so.

An authorised officer of the Authority may only give a direction under this order if such restraint is reasonably necessary to prevent a nuisance or behaviour by the dog that is likely to cause annoyance or disturbance to any other person, or to a bird or other animal.

### 3. Exclusion

A person in charge of a dog shall be guilty of an offence if, at any time, he/she takes the dog onto, or permits the dog to enter or to remain on or in a fenced/enclosed children's play area or the playing surface of any designated or marked out sports pitch or athletic area at any time within the administrative area of the Authority unless:

- He/she has reasonable excuse for failing to do so; or
- The owner, occupier or other person or authority having control of the land has consented (generally or specifically) to his/her failing to do so.

### 4. Not keeping a dog on a lead

Dog walkers will be required to keep dogs on leads on all land within the Council's administrative area which comprises a highway, footway, cycleway or footpath or any grass verge which is adjacent to the carriageway or footway and is maintainable at public expense, which is subject to a 40 mph speed limit or less.

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## Appendix 2 – PSPO’s

The proposed new order for North West Leicestershire is as follows:-

### 1. Means to pick up.

A person in charge of a dog shall be guilty of an offence if, at any time, within the administrative area of the Authority he/she does not have with him/her an appropriate means to pick up dog faeces deposited by that dog unless:

- He/she has reasonable excuse for failing to do so; or
- The owner, occupier or other person or authority having control of the land has consented (generally or specifically) to his/her failing to do so.

The obligation is complied with if, after a request from an authorised officer the person in charge of the dog produces an appropriate means to pick up the dog faeces.

### 2. Exemptions

Nothing in this order shall apply to a person who:

- Is registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948; or
- Is deaf, in respect of a dog trained by Hearing Dogs for deaf People (registered charity number 293358) and upon which he/she relies for assistance; or
- A person with a disability affecting their mobility, manual dexterity or ability to lift, carry or move everyday objects and who relies upon a dog trained by a prescribed charity for assistance.

For the purpose of this order:

- (a) A person who habitually has a dog in his possession shall be taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog;
- (b) Placing the faeces in a receptacle on the land which is provided for the purpose, or for the disposal of waste, shall be sufficient removal from the land;
- (c) Being unaware of the defecation (whether by reason of not being in the vicinity or otherwise), or not having a device for or other suitable means of removing the faeces shall not be a reasonable excuse for failing to remove the faeces;
- (d) “an authorised officer of the Authority” means an employee, partnership agency or contractor of North West Leicestershire district Council who is authorised in writing by North West Leicestershire district Council for the purposes of giving directions under the Order.
- (e) Each of the following is a “prescribed charity” –
  - Dogs for the Disabled (registered charity number 700454)
  - Support Dogs Limited (registered charity number 1088281)
  - Canine Partners for Independence (registered charity number 803680)

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>DESIGNATION OF KEGWORTH CONSERVATION AREA</b>
Key Decision	a) Financial No b) Community Yes
Contacts	<p>Councillor Trevor Pendleton            01509 569746  <a href="mailto:trevor.pendleton@nwleicestershire.gov.uk">trevor.pendleton@nwleicestershire.gov.uk</a></p> <p>Strategic Director of Place            01530 454555  <a href="mailto:james.arnold@nwleicestershire.gov.uk">james.arnold@nwleicestershire.gov.uk</a></p> <p>Head of Planning and Regeneration            01530 454782  <a href="mailto:jim.newton@nwleicestershire.gov.uk">jim.newton@nwleicestershire.gov.uk</a></p>
Purpose of report	(a) To consider responses to the recent public consultation; (b) To approve designation of the Kegworth conservation area.
Reason for Decision	<p>Designation of the Kegworth conservation area would:</p> <p>(a) support the aims of the Council Delivery Plan relating to sustainable development and growth and people feeling proud of their homes and communities and</p> <p>(b) support the Council in fulfilling its duties under the Planning (Listed Buildings and Conservation Areas) Act 1990 (“the 1990 Act”) relating to the designation and review of conservation areas.</p>
Council Priorities	<p><b>Business and Jobs</b>            Designation of the Kegworth conservation area would contribute toward achieving the Council’s aim of supporting sustainable development and growth.</p> <p><b>Homes and Communities</b>            Designation of the Kegworth conservation area would contribute toward achieving the Council’s aim of people feeling proud of their homes and communities.</p>

Implications:	
Financial/Staff	In a conservation area, householders would need to apply for planning permission for some works that would otherwise constitute 'permitted development'. In some circumstances a planning application would not attract an application fee. See paragraph 2.1ff below.
Link to relevant CAT	Not applicable.
Risk Management	Not applicable.
Equalities Impact Screening	Not applicable.
Human Rights	Not applicable.
Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Public consultation was carried out between 14 November and 22 December 2017, as detailed in section 3 of the report below.
Background papers	Draft character appraisal Draft boundary map <a href="http://www.nwleics.gov.uk/kegworth">www.nwleics.gov.uk/kegworth</a>
Recommendation	<b>IT IS RECOMMENDED THAT CABINET APPROVES DESIGNATION OF THE KEGWORTH CONSERVATION AREA.</b>

## **1 BACKGROUND**

- 1.1 A conservation area is an area of “special architectural and historic interest, the character or appearance of which it is desirable to preserve or enhance”, as defined by section 69 of the 1990 Act.
- 1.2 Kegworth’s historic core is extensive and includes land on High Street, London Road, Market Place and Nottingham Road. Council officers believe that the historic core meets the definition of a conservation area and should be considered for designation.

## **2 IMPLICATIONS**

- 2.1 Inclusion of a property in a conservation area would mean that planning permission would be required to demolish a building (depending upon its volume) or to demolish a boundary treatment (depending upon its height and its location). An application for ‘relevant demolition in a conservation area’ would not attract a fee. This requirement does not apply to listed buildings, for which separate legislation applies.
- 2.2 Inclusion of a property in a conservation area would mean that planning permission would be required for the following works. A planning application would attract the householder application fee, which is currently £172.
- Extending beyond the side elevation of a dwelling;
  - Extending beyond the rear elevation of a dwelling, if that extension would be more than one storey;
  - Enlarging a dwelling via an addition or alteration to the shape of its roof;
  - Cladding or rendering any part of a dwelling;
  - Erecting a building or enclosure beyond the side elevation of a dwelling;
  - Installing a chimney, flue or vent pipe on a dwelling, in certain circumstances;
  - Installing a satellite dish on a dwelling, in certain circumstances.
- 2.3 Anyone intending to cut down, top, lop or uproot any tree in a conservation area must give the District Council six weeks’ notice of their intention to do so. A notification of this kind would not attract a fee. This requirement does not apply to trees subject to tree preservation orders, for which separate legislation applies. Nor does it apply to trees that are less than 75mm in diameter when measured at 1.5m above ground level.
- 2.4 The District Council may remove certain permitted development rights from dwellings in a conservation area, through the service of an Article 4 Direction. An application for planning permission arising from the service of an Article 4 Direction would not attract a fee.

### **3 CONSULTATIONS**

3.1 Between 14 November and 22 December 2017 the following people and organisations were consulted on the proposed conservation area:

- District Councillors Trevor Pendleton and Alison Smith;
- Leicestershire County Council;
- Kegworth Parish Council;
- Kegworth Museum and
- Historic England and the seven National Amenity Societies.

3.2 Eight publicity posters were displayed in the proposed conservation area, as follows:

- On Derby Road, at the junction with Borough Street;
- On High Street, at the junction with Pleasant Place;
- On High Street, at Kegworth Museum;
- On London Road, at the Parish Council offices;
- On London Road, at the junction with Whatton Road;
- On the west side of the Market Place;
- On Nottingham Road, at the junction with Dragwell and
- On Packington Hill, near the Yew Lodge Hotel.

3.3 The proposed conservation area was publicised on the District Council and Parish Council's websites:

- [www.nwleics.gov.uk/kegworth](http://www.nwleics.gov.uk/kegworth)
- [www.nwleics.gov.uk/news/2017/11/15](http://www.nwleics.gov.uk/news/2017/11/15)
- [www.kegworthparishcouncil.co.uk/news/2017/11/kegworth-conservation-area](http://www.kegworthparishcouncil.co.uk/news/2017/11/kegworth-conservation-area)

3.4 The District Council's conservation officer met with the Parish Council on the 4 December to discuss the potential conservation area.

3.5 Appendix 3 records the consultation responses received; it explains how officers have taken these responses into account in deciding whether to recommend the designation of Kegworth as a conservation area.

### **4 PUBLIC CONSULTATION RESPONSES**

4.1 17 consultation responses were received. 13 respondents (76%) were in favour of the proposed conservation area. Three respondents were neither for nor against it. One respondent was against the proposed conservation area, as they believed it would effectively take the area's trees into public ownership.

4.2 5 consultation responses were received from property owners affected by the proposed designation; all of these respondents were in favour of designation.

4.3 Respondents recommended that the boundary should be extended to include (i) properties at the north end of Borough Street, (ii) properties on Derby Road and (iii) properties on the east side of Packington Hill. Having taken these recommendations into account, we do not intend to vary the boundary of the proposed conservation area.

- 4.4 The proposed conservation area boundary reflects best practice as set out in Historic England (2016) *Conservation area designation, appraisal and management*. The proposed boundary takes appropriate account of the comments received during the public consultation period. It is recommended that Cabinet approves designation of the Kegworth conservation area.

## **APPENDICES**

- Appendix 1 Kegworth character appraisal
- Appendix 2 Proposed conservation area boundary
- Appendix 3 Summary of public consultation responses

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**Kegworth**

## Character Appraisal

**1 Introduction**

Section 69 of the Planning (Listed Buildings and Conservation Areas) Act 1990 defines a conservation area as an area of “special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance”.

Under Section 69(1) of the 1990 Act, the Local Planning Authority has a duty to determine periodically which parts of their area meet the statutory definition of a conservation area, and to designate those areas accordingly. The purpose of this rapid appraisal is to determine whether the historic core of Kegworth meets the statutory definition of a conservation area.

**2 Definition of special interest**

In June 2016 the District Council adopted *criteria for the identification of local heritage assets*. The criteria have been informed by the DCMS *principles of selection for listing buildings* (2010).

The historic core of Kegworth is substantially intact. The historic core contains a concentration of buildings that predate the reign of Queen Victoria, including eighteen listed buildings. To the south-east the historic core also contains the scheduled remains of medieval settlement.

The historic core also contains a historically significant Baptist Chapel, the surviving part of a seventeenth century house (10 London Road) and the surviving part of a National School, among other undesignated heritage assets.

On the basis of the above the historic core appears to have special qualities of age, as defined by the District Council’s identification criteria. The historic core appears to meet the statutory definition of a conservation area and should be considered for designation. Map 3 indicates a proposed conservation area boundary.

**3 Location and setting**

Kegworth is a parish in NW Leicestershire District. Kegworth is about 13 miles SE of Derby and about 12 miles SW of Nottingham. In 2011 the population of Kegworth was 3541. In 2018 the population includes 622 students.

The historic core of Kegworth is centred upon the church tower. The historic core is extensive and includes land on Borough Street, Derby Road, Dragwell, High Street, London Road, Nottingham Road and Packington Hill.

The adopted NW Leicestershire Local Plan (2016) recognises Kegworth as a ‘local service centre’, i.e. a settlement that provides “some services and facilities primarily of a local nature meeting day-to-day needs and where a reasonable amount of new development will take place”. Kegworth is expected to provide at least 400 new dwellings by 2031.

The historic core is situated on a shallow promontory above the Soar and Trent valleys. On its north and east sides, the boundary of the historic core is coincident with the boundary of the river valleys, at about 35m AOD. On its south side, the historic core is bounded by an extinct water course that followed Whatton Road before discharging into the River Soar to the south of the Hermitage.

The church tower is situated about 250m west of the River Soar, at about 42.5m AOD. The junction of High Street and Packington Hill is situated about 400m west of the church tower, at about 50m AOD.

Generally the historic core is bounded on its west and north sides by modern development. Generally it is bounded on its south and east sides by open countryside.

#### **4 Historic development**

Map 1 indicates the historic development of Kegworth.

##### The 'medieval settlement remains'

The park to the east of the Wymeshead contains medieval settlement remains. The remains comprise "a series of earthworks and buried features principally centred upon two hollow ways"; it is believed that the hollow ways "originally ... led to a fording point over the river" (English Heritage, 1998). The settlement was abandoned due to "the shifting and expansion of settlement northwards"; a bridge had been built by the early fourteenth century. The park is hatched green on map 1.

##### Kegworth before 1779

Kegworth appears in the Domesday Book of 1086 as *Cogeworde*. A market charter was granted in 1289. While the lower part of the church tower dates to the thirteenth century, the rest of the church dates to the fourteenth century and "seems of one build, unusually" (Pevsner, 1984).

Timber framing was the preferred construction technique before about 1700. On High Street there is one example of cruck framing (the Cottage Restaurant); on Nottingham Road there are two well-preserved examples of box framing. On Dragwell and High Street there are buildings constructed from rubble stone.

Red brick was the preferred construction technique after about 1700. On London Road there are two early and well-preserved examples (the Great House and Friends Cottage). On High Street a terrace of houses dates to about 1750 (1 to 7 High Street).

Kegworth's open fields were enclosed in 1779. The area hatched red on map 1 indicates the extent of the village at that date.

##### Kegworth after 1779

Areas developed between 1779 and 1884 are hatched blue on map 1. They comprise:

- Development on London Road. The development comprises two small country houses ('Alton Lodge' and 'The Wymeshead'). The houses are not indicated on Stevens' map (1815).
- Development on Packington Hill. Development on the east side of Packington Hill is indicated on Stevens' map (1815). The areas hatched blue had been developed by 1884.



- Development on Derby Road<sup>1</sup>. Derby Road was probably laid out c.1826-31. The areas hatched blue had been developed by 1884.
- Development on Nottingham Road. This small area of development includes a cottage dated 1819.

In the proposed conservation area, eight houses built in the late eighteenth or early nineteenth century have been included on the statutory list.

Land on the west side of Borough Street had been redeveloped by 1884. Garden land on the west side of Nottingham Road had been developed by 1884. While this land is within the extent of pre-enclosure settlement, it is indicated in blue on map 1.

Areas developed after 1884 are hatched grey on map 1. Land on the east side of Borough Street was redeveloped after 1884. While this land is within the extent of the pre-enclosure settlement, it is indicated in grey on map 1.

## 5 Redevelopment

In determining the boundary of the proposed conservation area, we have taken account of the following areas that were redeveloped during the twentieth century. The areas are indicated on map 2.

- New Brickyard Lane.** Houses on a roadside encroachment were demolished between 1921 and 1969. The site is part of the highway.
- Meeting Yard.** Demolished c.1921-69. According to the museum (2000), the yard and its allotments were “covered by prefabs”. The site has been developed afresh; see 77/0208/P.
- Mulberry Gardens.** Four detached dwellings were developed c.2004; see 04/00082/FUL and 04/01553/FUL.
- Kegworth Brewery.** A brewery was “operating from premises on the Market Place” before 1828. In 1847 the brewery was sold to Wells & Sons; the premises were “expanded” between 1847 and 1924. According to the museum, “the property was demolished early in 1992; erection of new office accommodation commenced in April 1999”. See 99/00029/FUL.
- The Croft.** Five pairs of semi-detached bungalows were developed c.1921-69.
- Heafield Drive.** 1a Market Place and 7 Pleasant Place were developed between 1921 and 1969. Within the historic core, thirteen detached houses were developed between 1969 and 1983; six detached houses have been developed since.
- Toms Court and Winsor Court.** Toms Court was developed on the site of terraced houses, between 1921 and 1969. Winsor Court was developed on the site of outbuildings, between 1969 and 1983.

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<sup>1</sup> From 1732 High Street and Packington Hill were part of a turnpike road between Loughborough and Derby. The turnpike road was subsequently diverted along Derby Road; Cossons (2003) refers to “re-enactments” of 1826/27 and 1830/31. There is a mid-nineteenth century milestone between 3 and 5 Derby Road.

- h) **Australia Yard.** Buildings to the rear of the site were demolished c.1921-69. Buildings to the front of the site were demolished c.1969-83. The OS 1983 map depicts a library.
- i) **Stafford's Acre.** Thirty-five detached houses were developed c.1969-83.
- j) **Broomhill Road.** Six detached houses were developed c.1921-69.
- k) **Mount Pleasant.** Numbers 10 to 20 Ashby Road were demolished c.1969-83 and replaced with flats.
- l) **Yew Lodge Hotel.** 'The Laurels' was extended c.1969-74 to form the Yew Lodge Hotel; it has been further extended since. A 'second floor extension' has altered the original building beyond recognition<sup>2</sup>; see 85/0529/P. 25 to 31 Packington Hill were demolished c.2007 and replaced by a hotel extension; see 07/00329/FUL.
- m) **10 to 26 Packington Hill.** Numbers 10 to 16, a terrace of houses, was built c.1921-69. Numbers 22 to 26, a terrace of houses, was demolished c.1921-69. The site is a hardstanding. According to the museum (2000) the Oddfellows Arms "opened around 1900"; it was demolished in February 2011. The site is a hardstanding.
- n) **26 and 28 High Street.** Two houses and outbuildings were demolished c.1993. The site is a hardstanding; an office building has been developed on garden land to the rear. See 93/0537/P.
- o) **62 Mill Lane.** Properties at the corner of Mill Lane and Nottingham Road were demolished c.1921-69 and replaced by a house.
- p) **49 to 53 Mill Lane.** Three detached houses were built c.1921-69.

On Dragwell, a timber framed house with the date 1646 was demolished c.1921-69 and replaced with a house. A surgery was built c.1987; see 87/0145/P (outline) and 87/1180/P (reserved matters).

## 6 Character analysis

The character of an area may be defined in terms of the uses of its buildings past and present; the general density, layout and landscaping of development and the scale, massing and materials of the buildings in the area.

Generally Kegworth's historic core is densely developed. Generally buildings are aligned to the street and laid out to the back of the pavement; on High Street some buildings are set back behind shallow forecourts. As a result soft landscaping generally makes a limited contribution to the character of the historic core. The exception to this rule is Borough Street (see below).

Generally the historic core contains a diversity of building heights, except on Dragwell and Packington Hill, where buildings are usually two storeys tall.

Generally buildings in the historic core are faced in either red brick or render; Dragwell is the only character area where painted brick makes a substantial contribution. Traditionally

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<sup>2</sup> Application 80/0722/P suggests the building's original appearance.

buildings in the historic core are roofed with plain tile, except on the High Street, where there is a greater use of natural slate. Generally non-traditional roofing materials intrude substantially; on Borough Street non-traditional roofing materials dominate. On London Road and Nottingham Road non-traditional roofing materials intrude to a limited degree.

Kegworth's historic core may be considered as six character zones, as shown on map 4. The character zones are as follows:

#### Borough Street

Buildings on Borough Street are in residential use. Borough Street is less densely developed than the remainder of the historic core. Generally buildings are not aligned to the street; generally buildings are set back behind front gardens. As a result soft landscaping makes a more substantial contribution to the character of this zone (note e.g. the silver birch at 9 Borough Street). Non-traditional roofing materials dominate this character zone.

#### Church Gate and Market Place

Buildings on Church Gate and Market Place are in commercial use. Buildings are densely developed around two hard landscaped spaces. Traffic on the A6 trunk road makes a negative contribution to this character zone.

#### Dragwell

Generally buildings on Dragwell are in residential use; note the two former school buildings and the two former co-operative premises. Generally buildings on Dragwell are two storeys tall; they are faced in either red brick, render or painted brick. Generally roof materials make a limited contribution to the character of Dragwell because of the height of buildings and the narrow sloping nature of the street.

#### High Street

Generally buildings on High Street are in residential use; note the two places of worship and the two historic public houses<sup>3</sup>. Generally buildings on High Street are laid out to the back of the pavement or set back behind shallow forecourts. 40 High Street is a notable exception; it is set back among mixed planting. On High Street there is a greater use of natural slate compared to other character zones.

#### London Road and Nottingham Road

Generally buildings on London Road and Nottingham Road are in residential use. Generally buildings are aligned to the street and laid out to the back of the pavement, but the 'Mulberry Tree' and adjoining buildings are laid out at a right angle to the street. In this character zone non-traditional roofing materials intrude to a limited degree. Traffic on the A6 trunk road makes a negative contribution to this character zone.

#### Packington Hill

Generally buildings on Packington Hill are in residential use; generally the buildings are two storeys tall. On the corner of the street the former Fox & Hounds PH is three storeys tall.

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<sup>3</sup> 24 High Street was the Horse & Groom in the mid nineteenth century and the Red Lion in the late nineteenth century; it is still a public house. 32 High Street (Stockton House) was the Three Tuns in the mid nineteenth century and the Crown in the late nineteenth century; it is now three flats.

## **7 Open spaces**

As noted above, soft landscaping generally makes a limited contribution to the character of the historic core, except at Borough Street, where buildings are generally set back behind front gardens. The historic core contains two substantial areas of open space, as indicated on map 4. The open spaces are as follows:

### The parish church and environs

The area surrounding the parish church was densely developed in the late eighteenth century. In the nineteenth century the area became less dense, firstly through the redevelopment of the Manor House (c.1820) and secondly through the demolition of buildings immediately north of the parish church. Harrison House was spared demolition.

The area surrounding the parish church comprises an area of mixed planting that contributes positively to the character of the historic core. Trees in the gardens of the Manor House, Old Rectory and Old School House are subject to preservation orders. Three oaks on the west side of the churchyard are subject to preservation orders; note also the limes on the south and east sides of the churchyard.

Trees on the George V playing fields contribute positively to views out of the historic core.

### The small country houses

The south-east edge of the historic core is framed by three small country houses. To the south, Alton Lodge and the Wymeshead were built in the mid nineteenth century. To the east, the Hermitage appears on the 1779 map. By the twentieth century its gardens had become more extensive, not least through the demolition of buildings on the east side of London Road.

These small country houses offer an area of mixed planting that contributes positively to the character of the historic core. The garden at Alton Lodge contains good intentional pine planting among a large number of self-set sycamores. The Wymeshead's garden is subject to a preservation order; its extensive park is not. Trees at the Hermitage contribute positively to views out of the Market Place.

Note also the garden of the Cedars (29 London Road). Here twelve trees – including two cedars – are subject to preservation orders.

## **8 Opportunities for enhancement**

Buildings on the west side of Dragwell do not reflect the character of traditional development on the street. The redevelopment of this land would offer an opportunity to enhance the character of the historic core. The land is indicated on map 4.

## **9 Views and landmarks**

The spire of the parish church is the principal landmark in the historic core. Long views of the church spire are afforded along Derby Road and High Street. In either view the church spire appears above 2 Church Gate (former Post Office) and 4 to 6 Church Gate (Boots). Development of either property may affect views of the church spire.

## **10 Condition of buildings**

In May 2017 the Council reviewed the condition of 18 listed buildings in the historic core. 10 buildings (55.6%) were found to be in good condition; 6 buildings (33.3%) were found to be in fair condition and 2 buildings (11.1%) were found to be in poor condition.

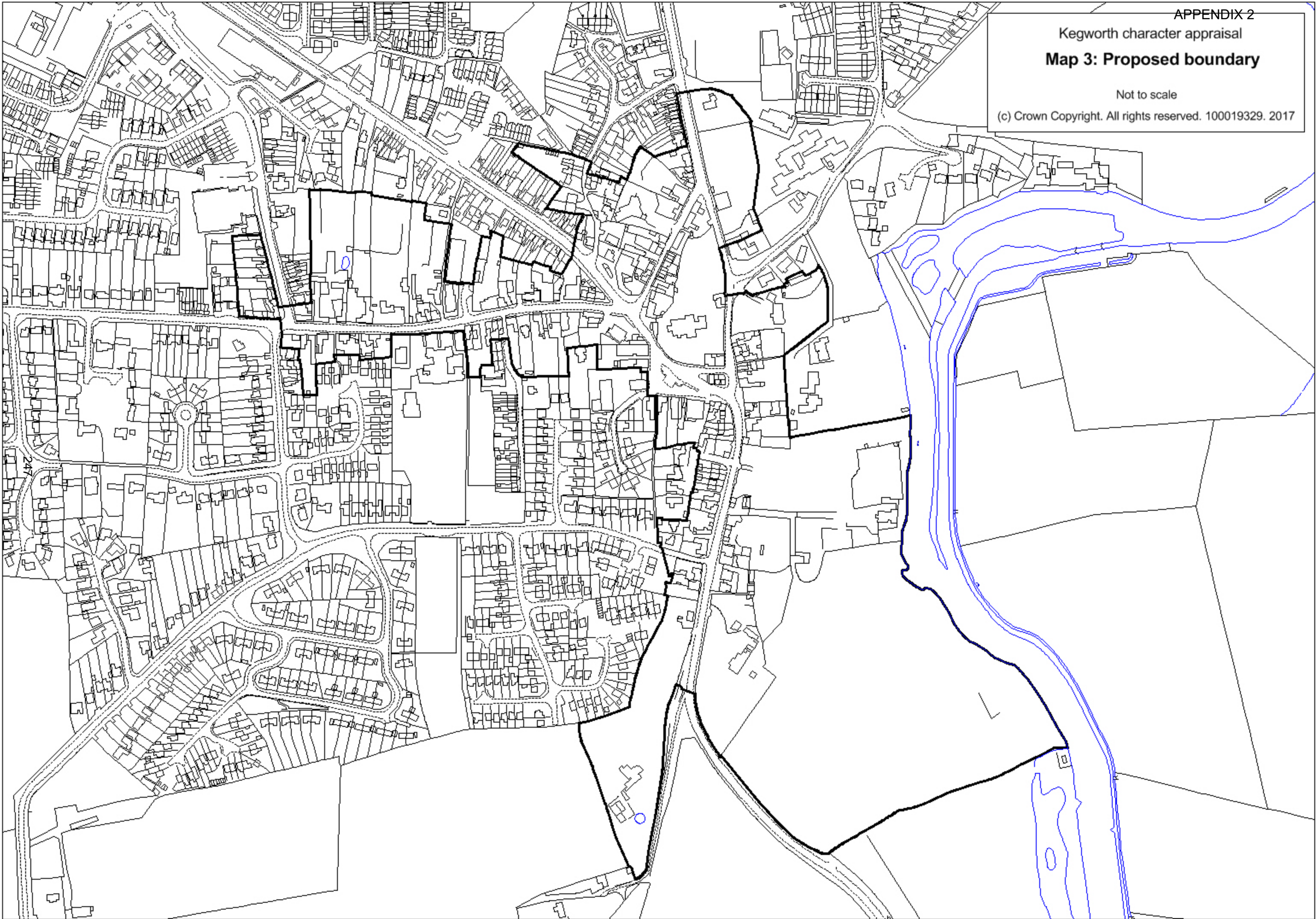
On London Road the Great House was found to be “at risk”. On Nottingham Road the stables associated with the Old Rectory were found to be “vulnerable”.

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**Map 3: Proposed boundary**

Not to scale

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**Kegworth: Potential conservation area**

Summary of public consultation responses

Consultee	Consultee's response	NWLDC officer comments
Incumbent Kegworth Baptist Chapel	Online response 15 November. Supported the proposed conservation area and considered that the boundary would "reflect the area of interest". Pleased that the council had recognised "the contribution of the places of worship to the heritage of the village".	Agreed.
Householder 16 Dragwell	Consultation form received 19 December. Supported the proposed conservation area.	Agreed.
Householder 38 London Road	Online comment 22 December. Supported the proposed conservation area. Advised that the draft appraisal should refer to the impact of a "large influx of students" and "the conversion of large houses in the village to HMOs".	<b>Partly agreed.</b> The rapid appraisal has been revised to indicate the total population – and the student population – of the parish. A detailed character appraisal may assess the positive and negative impacts of the student population upon the special interest of the historic core.

Consultee	Consultee's response	NWLDC officer comments
Householder 24 Market Place	Online comment 10 December. Supported the proposed conservation area and considered the boundary to be appropriate.	Agreed.
Householder 31 Nottingham Road	<p>Online comment 17 December. Supported the proposed conservation area. Generally supported the draft boundary and draft appraisal.</p> <p>Recommended that 2 to 6 Church Gate should be "excluded from the conservation order or identified as opportunities for redevelopment", because their demolition would "improve the views of the church".</p>	<p>Agreed.</p> <p><b>Not agreed.</b> The draft appraisal notes that development of these properties "may affect views of the church spire". 4 &amp; 6 Church Gate is an eighteenth century building. We consider that it is well preserved and contributes positively to the character of the area.</p> <p>We consider that 2 Church Gate does not contribute positively to the character of the area, but generally the draft appraisal does not identify individual buildings of this kind. 2 to 6 Church Gate form part of an area that has special interest generally; for that reason it would not be appropriate to exclude the properties from the proposed boundary.</p>

Consultee	Consultee's response	NWLDC officer comments
Principal Adviser Historic England	Email 23 November. Advised that Historic England only offers advice on "designations of clearly national importance, or where there is a wider strategic dimension". Considered that the council's conservation officer was "ideally placed to provide detailed expert advice on this designation".	Agreed.
Conservation Adviser Victorian Society	<p>Email 23 November. Generally supported the council's "commitment to best managing [its] heritage assets".</p> <p>Emphasised "the significant contribution made ... by Victorian buildings" and considered it "remiss" that the definition of special interest should "exclude such a significant aspect of Kegworth's special architectural and historic interest".</p>	<p>Agreed.</p> <p>Noted. A full character appraisal would describe the Victorian contribution in more detail. Otherwise we consider that the rapid appraisal describes the Victorian contribution to the village in proportion to its significance. The proposed boundary includes two high status Victorian houses ('Alton Lodge' and 'The Wymeshead') and these are described in some detail.</p>
Chair Kegworth Museum	Online comment 19 December. Supported the proposed conservation area. "Fully supported" the draft boundary and draft appraisal.	Agreed.

Consultee	Consultee's response	NWLDC officer comments
<p>Clerk Kegworth Parish Council</p>	<p>Email 21 December. Supported the proposed conservation area as it would help to encourage sympathetic development and maintain “the character of the village centre”.</p> <p>Advised that the proposed boundary should be extended to include land on the east side of Packington Hill, including the site of the Oddfellows PH, as development of the latter may have a “deleterious effect” on surrounding properties.</p> <p>Advised that 13 Dragwell “is worth protecting” and that it “has been empty for some years”.</p>	<p>Agreed.</p> <p><b>Not agreed.</b> The District Council would expect development of the Oddfellows site to reflect local identity and conserve the setting of heritage assets. Local plan policies D1 and HE1 would be relevant. Land on the east side of Packington Hill comprises a mix of post-byelaw and post-WW2 development as well as the Oddfellows site; generally we consider that it does not have special interest.</p> <p>Noted.</p>
<p>Member of the public Station Road</p>	<p>Online response 16 November. Supported the proposed conservation area and considered that the boundary would be “appropriate”. Found the appraisal to be “very good”.</p>	<p>Agreed.</p>

Consultee	Consultee's response	NWLDC officer comments
Member of the public Sideley	<p>Online response 26 November. Supported the proposed conservation area.</p> <p>Noted that the bypass would not benefit the village centre unless alterations are made to existing roads. Otherwise "many drivers will find the present route through the village shorter and more convenient than using the bypass".</p>	<p>Agreed.</p> <p>Noted.</p>
Member of the public	<p>Comment made at parish council meeting 5 December. Advised that the proposed boundary should be extended to include Victorian properties on Derby Road. Advised that these properties present an "entrance" to the historic core of the village.</p>	<p><b>Not agreed.</b> Kegworth's historic core has special qualities of age that would justify its designation as a conservation area. Properties on Derby Road do not share these qualities; we consider that they do not have special architectural or historic interest.</p> <p>Alton Lodge and the Wymeshead are Victorian properties with special historic interest; they have been included in the conservation area.</p>

Consultee	Consultee's response	NWLDC officer comments
Member of the public Sibson Drive	Online comment 9 December. Supported the proposed conservation area and considered that the boundary "looks about right". Felt that it would be "tremendous" if the conservation area could facilitate the regeneration of the village centre.	Agreed.
Member of the public Derby Road	<p>Online comment 21 December. Supported the proposed conservation area. "Fully supported" the draft boundary and draft appraisal.</p> <p>Noted that the bypass would offer "an opportunity to reclaim our major communal spaces from the car".</p>	<p>Agreed.</p> <p>Noted.</p>
Member of the public Derby Road	Online comment 22 December. Supported the proposed conservation area. Considered the draft boundary to be "very carefully thought out and entirely appropriate". "Welcomed" the draft appraisal and noted the contribution that trees make to the character of the village.	Agreed.

Consultee	Consultee's response	NWLDC officer comments
Member of the public Borough Street	<p>Online comment 22 December. Advised that "consideration of the older buildings in Kegworth is long overdue". Generally supported the draft boundary and draft appraisal.</p> <p>Advised that the proposed boundary should be extended to include properties at the north end of Borough Street, including their own property. Referred to several pre-Victorian properties here.</p>	<p>Agreed.</p> <p><b>Not agreed.</b> The north end of Borough Street contains some pre-Victorian properties and some may be suitable for inclusion on the list of local heritage assets. However, generally the north end of the street comprises a mix of post-byelaw and post-WW2 development; generally it does not have special interest.</p>
Member of the public Melton Mowbray	Telephone call 21 December. Expressed "complete and total opposition" to the proposed conservation area, as it would give the local authority additional controls over works to trees.	<b>Not agreed.</b> We consider that additional controls are justified in the interests of conserving the special interest of the area and in the interests of public amenity.

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of Report	<b>AUTHORITY FOR ADDITIONAL SPEND TO COMPLETE THE DIGITAL TRANSFORMATION PROJECT</b>
Key Decision	Financial – Yes 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>Director of Housing 01530 454819 <a href="mailto:glyn.jones@nwleicestershire.gov.uk">glyn.jones@nwleicestershire.gov.uk</a></p> <p>ICT Manager 01530 454716 <a href="mailto:sam.outama@nwleicestershire.gov.uk">sam.outama@nwleicestershire.gov.uk</a></p>
Purpose of Report	Provide members with details of the Council’s Digital Transformation Programme, additional cost requirements to complete Phase One and costs required for Phase Two. The completion of Phase One and Phase Two, will see the completion of digitally online Council services.
Reason for Decision	<ol style="list-style-type: none"> <li>1. To ensure Members are aware of the additional cost to complete Phase One and the cost to complete Phase Two.</li> <li>2. The additional costs takes the contract value above the £100,000 threshold which requires Cabinet approval.</li> <li>3. Without the additional investment to complete Phase One, this would jeopardise the scheduled “go live” date of 19 April 2018, as well as non-completion of online services for key areas, where efficiency savings are to be made.</li> <li>4. Without the additional investment to complete Phase One, this would cause a delay in the launch of the new internet web site, as both projects are intrinsically linked to provide an improved customer experience, which is part of the customer first strategy.</li> <li>5. To authorise the procurement of Firmstep to deliver Phase Two of the Digital Transformation Programme.</li> </ol>
Council Priorities	Value for Money Spend Our Money Wisely Building Confidence in Coalville

Implications:	
Financial/Staff	As detailed in the report
Link to relevant CAT	No direct link
Risk Management	The original project plan includes a risk management framework, which is being reviewed on a monthly basis as part of the project management process. Risks are being updated and added to as required and any issues are raised with the Director of Housing.
Equalities Impact Screening	N/A
Human Rights	N/A
Transformational Government	This relates to the new ways in which Councils are being asked to deliver their services.
Comments of Head of Paid Service	The report is satisfactory.
Comments of Deputy Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	None
Background Papers	<a href="#">NOVEMBER 2017 CABINET - DIGITAL TRANSFORMATION PROGRAMME</a>
Recommendations	<p><b>THAT CABINET:</b></p> <ol style="list-style-type: none"> <li><b>1. APPROVES THE ADDITIONAL ALLOCATED FUNDS OF £48,000 FROM RESERVES AND THE VARIATION OF THE DELIVERY CONTRACT WITH FIRMSTEP TO INCLUDE THE ITEMS SET OUT IN PARAGRAPH 2.3 TO ENSURE PHASE ONE OF THE PROGRAMME IS DELIVERED</b></li> <li><b>2. APPROVES THE ALLOCATED FUNDS TOTALLING BETWEEN £155,000 - £180,000 FOR PHASE TWO OF THE PROGRAMME TO BE DELIVERED, AND THAT THIS EXPENDITURE BE ATTRIBUTED TO THE HOUSING REVENUE ACCOUNT (51.5% OF COST) AND GENERAL FUND RESERVES (48.5% OF COST)</b></li> <li><b>3. THAT CABINET DELEGATES AUTHORITY TO THE DIRECTOR OF HOUSING IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER TO</b></li> </ol>

	<p><b>AWARD A CONTRACT TO FIRMSTEP THROUGH THE G-CLOUD FRAMEWORK FOR THE DELIVERY OF PHASE TWO.</b></p> <p><b>4. NOTES THAT FURTHER UPDATES WILL BE BROUGHT TO CABINET AS THE PROGRAMME PROGRESSES.</b></p>
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## **1. BACKGROUND**

- 1.1 The use of digital services is now an entrenched way of everyday life. From requesting doctors' appointments, undertaking bank transactions, buying goods and services and booking holidays, the process offers wider choice, customer convenience, corporate flexibility and significantly reduced costs via automated processes and minimal manual interventions. Until fairly recently Local Government was far behind most industries and at this point NWLDC is significantly behind the bulk of local authorities.
- 1.2 The aims of the digital transformation programme are to completely transform the way we interact with customers by modernising our approach to customer service delivery, improve and quicken processes, and generate efficiency savings that can be reinvested into frontline services.
- 1.3 This project is part of a wider Customer Services strategy, to provide Online and Digital services to our customers 24/7, and to reduce the footfall into the Council office, by providing the ability for customers to make enquires and pay for services using our corporate website efficiently and effectively. Integrating our systems and providing a one-stop shop further provides efficiency and cost savings, meaning that staff can be redeployed to dealing with more vulnerable customers, whilst improving services to all customers through faster response times. Staff will be able to complete forms online, as opposed to using paper copies when on site. This reduces printing costs and allows for a fully integrated forms process initially across our Environmental and Waste Services.
- 1.4 A report was presented to Cabinet on 14 November 2017, which provided details of the project, resources, timescales and costs. The go live date for Phase One is 19 April 2018. Firmstep is the supplier we are working with on Phase One and the system is based on their platform.
- 1.5 Further to the management re-structure recently approved by full council, management of this project has moved within the organisation. Arrangements around project governance, oversight and delivery are being reviewed to ensure that the digital transformation project delivers the stated benefits within the proposed budget and on time.

## **2 CONTRACTING AND FINANCIAL IMPLICATIONS**

### **Phase One**

- 2.1 Cabinet approved the costs for Phase One of the implementation for a contract value of £97,000 and the works covered by this purchase order will be completed shortly. As described in the previous report to Cabinet on 14 November 2017 (see background paper), a further report was going to be presented for costs, with regards to Phase Two for completing our online offering and digital customer journey.

- 2.2 Phase One of the implementation is well underway, with the old forms converted to the new forms platform for all of the Phase One services and the team working on the systems integrations, automation of back office processes and customer services online interactions.
- 2.3 Since the November 2017 report to Cabinet, Firmstep has completed the detailed requirements-gathering, specification and scoping exercise which was commissioned under the Phase One contract. Following this exercise and discussions with the ICT Manager and service areas, the following additional investment, totalling £48,000, has been identified as necessary to develop a solution that best meets the current and future needs of the Council. This consists of :
- £7,000 for an appointment booking module which allows customers to book appointments online and for these appointments then to be scheduled and back office staff notified. The customer is also sent a notification of the booking. The module will initially be used for Environmental and Waste service customers. The investment can then be used for Phase Two and any other service which wishes to take up the appointment booking and scheduling of customer appointments functions.
  - £38,000 to complete the Environmental and Waste services integrations and online offering for customers. The scoping work and requirements specification highlighted additional requirements, integrations and business process re-engineering, for pest control and taxi licencing, gambling and alcohol, in order for those processes to be fully automated from a customer perspective into the backend system.
  - £3,000 for additional training for the team on the customer self-service portal setup
- 2.4 The total contract value for Phase One implementation will therefore be £145,000, which is above the £100,000 threshold which needs Cabinet approval. Cabinet is therefore asked to approve the variation to the Phase One delivery contract with Firmstep which was outlined in the report to Cabinet on 14 November 2017.
- 2.5 The additional funding for phase one will complete the Digital transformation of Environmental health and Waste services end to end. Customers will be able to access all Environmental and Waste services online 24/7, on the new internet website with backend integration to core systems, freeing up customer services staff to perform other urgent duties and attend to those in need. If the additional funding is not approved then we will only partially complete Phase One of the project, with very limited online capability and efficiency savings. This will also cause a delay to the launch of the new internet web site, as it is intrinsically dependent on the digital transformation project.

## **Phase Two**

- 2.6 The costs for Phase Two of the project (and to complete the digital transformation project), which includes further system integrations and online offerings for the Revenues and Benefits Service, Housing service and self-service kiosks, is estimated to be between £155,000 and £180,000. This represents the planned budgetary costs, pending detailed

scoping, analysis and requirements gathering, and we are confident costs will not exceed this range.

- 2.7 It is recommended that Firmstep are retained for the delivery of Phase Two. This is on the basis that the Council has been operating Firmstep's platform for a number of years, and Firmstep have recent familiarity with the Council's processes and needs, having worked closely with the ICT and service areas on Phase One. Retaining Firmstep will promote the seamless integration of the Phase One and Phase Two solutions. Firmstep can be lawfully procured for the Phase Two contract using the G-Cloud Framework operated by the Crown Commercial Service (Cabinet Office).
- 2.8 The costs presented for Phase Two of between £155,000 and £180,000, have been determined by taking into account the requirements, scoping and the associated costs for Phase One, together with average costs from other councils who have implemented similar and bespoke Housing, Revenues and Benefits integrations with the Firmstep platforms. Phase Two will deliver the following :
- A fully digital online and mobile Council, where customers are able to request services 24/7, with up to date information. It will help move our operation from a traditional paper-based approach to an online enabled digital authority. Systems servicing customers across all Council departments will be integrated, to achieve efficiencies, increased productivity and cost savings.
  - CRM Integration into the new Housing system, so that customer services staff have only one system to access for housing information. This provides a linkage between the customer services portal and the new housing system.
  - Customer integrations into the Revenues and Benefits system, which is currently a stand-alone and manual process, with duplication of data and re-keying of benefit data into several systems. This will provide a one stop shop for customers, where they can seamlessly pass through into the Revenues and Benefits system via the Council's Firmstep platform. Customer services staff will be able to access one system for Revenues and Benefits, to achieve efficiency gains, saving time and enabling the redeployment of staff to deal with other urgent matters.
  - Implementation of self-service kiosks in the reception area, where customers will be able to "self-serve", scan documents directly into the back end of the system, without the need to see a customer services staff member.
  - Business process re-engineering of Housing and Revenues and Benefits services, to streamline the customer services process and provide online services. This integrates the Firmstep platform with the Revenues and Benefits system.
- 2.9 There will always be new advances in technology and new features being released and we will consider taking up those features provided they are of value to the Council, but they will be treated as business as usual costs going forward, similar to any other IT software package the council utilises. The completion of Phase One and Phase Two will see the digitisation of all key Council services, with an e-commerce platform for our customers to

transact 24/7. Staff will also be able to go out on site and complete electronic forms with customers using real-time data.

- 2.10 As the Housing Service and their residents will benefit from the Firmstep platform, it is appropriate that the Housing Revenue Account make a contribution to this project, which will be 51.5% of the (estimated maximum) £180,000 referred to in 2.8. The sum of £92,700 will therefore be taken as an in-year contribution from the HRA, and this will not impact on the HRA's ability to deliver its planned budgeted surplus of £142k in 2017/18.

### **3 PROJECT BENEFITS AND NEXT STEPS**

- 3.1 Cabinet will recall from the November report that the primary benefit arising from the digital transformation project is that savings will be realised. The Society of IT Managers (SOCITM) compared the average costs of customer interactions as follows:

- Face to face interactions - £8.62
- Telephone interactions - £2.83
- Digital (online) interactions - £0.15

This means that 1,000 customer queries, requests or transactions in a month would cost approximately £8,620 for face to face meetings, £2,830 for telephone conversations and £150 to do online (see background paper for further information). Savings in staff time will also be quantified as the project is implemented.

- 3.2 Should Cabinet approve the recommendations set out in this report, the next steps are:

3.2.1 To progress Phase One to its completion including the additional investment set out above;

3.2.2 To enter into a contract with Firmstep through the G-Cloud Framework for the delivery of Phase Two; and

3.2.3 To progress Phase Two to its completion with a planned go live date of May 2019.

- 3.3 Delivery of Phase Two will represent project completion in terms of getting key services online and digitalised. There will always be advances in technology and any additional new features or upgrades may be embraced if the Council deem the requirement to be necessary. However, the application of any future enhancements will be deemed 'business as usual' rather than part of this project and will be budgeted for accordingly.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 6 FEBRUARY 2018**

Title of report	<b>MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY</b>
Key Decision	a) Financial No b) Community No
Portfolio Holder	Councillor Alison Smith MBE 01530 835668 <a href="mailto:alison.smith@nwleicestershire.gov.uk">alison.smith@nwleicestershire.gov.uk</a>
Director	Strategic Director of Place 01530 454555 <a href="mailto:james.arnold@nwleicestershire.gov.uk">james.arnold@nwleicestershire.gov.uk</a>
Officer to contact	Head of Community Services 01530 454832 <a href="mailto:paul.sanders@nwleicestershire.gov.uk">paul.sanders@nwleicestershire.gov.uk</a>
Purpose of report	To consider the recommendations made by the Coalville Special Expenses Working Party.
Reason for decision	To progress Coalville Special Expenses projects and programmes.
Council priorities	Value for Money
Implications:	
Financial/Staff	As set out within the budget.
Link to relevant CAT	None.
Risk Management	N/A
Equalities Impact Screening	None discernible.
Human Rights	None.
Transformational Government	None.
Comments of Head of Paid Service	The report is satisfactory.

Comments of Deputy Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	None
Background papers	<a href="#">Agenda of the meeting held on 11 January 2018</a>
Recommendations	<b>TO NOTE THE RECOMMENDATIONS MADE BY THE COALVILLE SPECIAL EXPENSES WORKING PARTY AS DETAILED WITHIN THE MINUTES AND APPROVE THE RECOMMENDATIONS AS SUMMARISED AT 3.0</b>

## 1.0 INTRODUCTION

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

## 2.0 TERMS OF REFERENCE

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

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

## 3.0 RECOMMENDATIONS FROM MEETING ON 11 JANUARY 2018

### 3.1 2017/18 EVENTS UPDATE

#### Christmas in Coalville

- a) The Events Sub Group give further consideration to the Christmas in Coalville event and a progress report be brought to the next meeting of the Working Party

#### Coalville Commemorates

- a) The progress of the plan to commemorate the centenary of the end of WW1 be noted and the option of a stone based sculpture be supported
- b) Additional funding of £5,000 be sought from Cabinet towards the Coalville Commemorates project



- c) Future decisions on the Coalville Commemorates project be delegated to the Chairman and Deputy Chairman of the Working Party in order to progress the project within the timescales

### 3.2 CAPITAL PROJECTS UPDATE

#### Owen Street Recreation Ground

- a) Agreement be given in principle to complete the necessary works to Owen Street floodlights, with authority delegated to the Chairman and Deputy Chairman to make a final decision on the works to be undertaken

#### Coalville Park

- a) Officers investigate further the process of placing Coalville Park in trust as a Centenary Field

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MINUTES of a meeting of the COALVILLE SPECIAL EXPENSES WORKING PARTY held in the Board Room, Council Offices, Coalville on THURSDAY, 11 JANUARY 2018

Present: Councillor J Geary (Chairman)

Councillors R Adams, N Clarke, J Cotterill, D Everitt, J Legrys, P Purver and M B Wyatt

Officers: Mr J Knight, Mrs W May, Mrs M Meredith and Mr P Sanders

**17. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor M Specht.

**18. DECLARATIONS OF INTEREST**

Councillor M B Wyatt declared a non-pecuniary interest in any reference to Coalville Town Centre as a business owner.

Councillor J Geary declared a non-pecuniary interest in item 5 – Capital Projects Update as a regular supporter of Coalville Town Football Club and a founder member of Mantle Lane Arts.

Councillor J Legrys declared a non-pecuniary interest in reference to Hermitage FM due to his voluntary involvement with the organisation.

**19. MINUTES OF THE PREVIOUS MEETING**

Consideration was given to the minutes of the meeting held on 10 October 2017.

The Chairman reported that a letter had been sent to Leicestershire County Council on 1 November regarding the state of road signage around the district. The outcome was that he and the Leisure Services Team Manager had been invited meet with officers to identify genuine areas of concern.

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

RESOLVED THAT:

The minutes of the meeting held on 10 October 2018 be approved and signed by the Chairman as a correct record.

**20. 2017/18 EVENTS UPDATE**

The Cultural Services Team Manager presented the report to members, highlighting that all events for 2017 had been delivered within or under budget, and the income received for the two key events of Picnic in the Park and Christmas in Coalville had ensured that those events had been delivered well within budget.

Christmas in Coalville

The Cultural Services Team Manager reported that the Christmas in Coalville event on 2 December had been well attended and partnership working had been positive. Following the comments made at the previous meeting, the entertainment had been increased to a wider area of the town to include Memorial Square. She advised that officers had engaged with 134 town centre businesses on the Friday following the event, and 89% of businesses had reported a positive or neutral impact during the event, and although 51% of businesses would prefer the event to be held in December, 72% said they would prefer to avoid a clash with the event in Ashby if possible. She added that the Ashby event was

highly likely to be held on 1 December on 2018 which would cause a clash. She asked members to consider whether they wished to bring the event forward to 24 November. She reported that there had been good social media activity during the event and a high number of impressions around Twitter, which was double the average number of tweets clicked on, liked or replied to. She thanked the Communications Team for their support with this. She added that comments and suggestions made on social media following the event were also being considered and were generally positive.

Councillor M B Wyatt stated that having spoken to local traders, they felt it was the worst ever event from a business perspective. High Street in particular was deserted and local shops reported less footfall and a reduction in takings. He added that Belvoir Road was equally badly affected and Memorial Square was under-utilised. He commented that people had said that if they had to choose between attending the Coalville event or the Ashby event, they would choose Ashby as it was a better event, and this was not due to the dates clashing. He reported that some of the businesses on High Street had not been contacted at all. He referred to comments made by an officer about the lack of a Town Council in Coalville. He stated that he felt there was no co-operation between the businesses and the council, and he had lost all heart in trying to put a positive spin on the event. He said that the feedback from residents was that the council was failing.

Councillor D Everitt stated that he was inclined to agree with some of those comments, and added that the music event did not seem to have the same appeal as the previous year. He commented that the weather on the day was also very cold.

The Cultural Services Team Manager explained that attendance had increased from the previous year, and for the event this year the stage had been positioned in a different orientation to allow a bigger viewing area which reduced the feeling of overcrowding.

Councillor J Legrys felt that the clash of dates with the Ashby event needed to be discussed. He added that he would be interested to know the difference in budget between the events in Ashby and Coalville. He made reference to the number of volunteers involved in organising the event, and the entertainment at Memorial Square was undertaken solely by volunteers. He commented on the coldness of the weather. He was pleased to see the entertainment in the precinct. He added that there was always room for improvement however this would be limited by the financial situation and the availability of volunteers.

In response to a question from Councillor P Purver, the Cultural Services Team Manager advised that the Ashby and Coalville events had clashed for the last 5 or 6 years.

Councillor J Cotterill referred to the fact that 72% of traders wanted to avoid the same date as the Ashby event and felt that the date had to be changed. He expressed agreement with all the comments made by Councillor M B Wyatt.

Councillor N Clarke commented on the lights and felt they were an improvement from last year.

Councillor R Adams expressed concern regarding the clash of dates with the Ashby event and suggested that the dates could be rotated.

Councillor J Geary stated that he would prefer the event to be held closer to Christmas. He commented that his first impression was that the input from local businesses on the main streets was poor, as only a limited number had trees on the shop fronts and not all were lit. He added that there was a lack of co-operation from the precinct owners. He felt that the event on the car park was well organised and well run, and the fireworks were good. He was pleased to see more of the shops in the precinct had remained open as well as some of the market stalls. He felt there was room for improvement, and he would be interested to see how much was spent on the Ashby event.

Councillor M B Wyatt felt that the light switch on was becoming an evening event. He added that if the event was to take place for a full day it should be earmarked correctly with a focus on helping businesses, generating footfall and getting value for money. He stated that the town lost money and an opportunity to showcase what was on offer. He felt the event had failed to put the town on the map.

The Chairman sought members' views on following the example of many market towns and holding the switch on event on a Friday evening to prevent a clash with the Ashby event.

Councillor M B Wyatt commented that this year's event had basically been an evening event with a little entertainment during the day. He stated that this was not working and did not help local businesses in any way.

A discussion followed around the options for future events, including reducing the offer to an evening event, allocating funding from reserves and establishing a working group to consider a way forward. It was agreed that this matter be discussed further at the Events Sub Group on 24 January to enable planning for the 2018 event to progress at the earliest opportunity. Progress on all event planning would be reported to the next meeting of the Working Party on 24 April.

#### Picnic in the Park 2018

The Cultural Services Team Manager advised that Coalville Miners Gala committee had requested to be involved in this event again and a meeting with the committee would be taking place to progress this. She reassured members that the event would be marketed and branded as Picnic in the Park and would provide a platform for the Miners Gala to showcase and celebrate the district's heritage.

#### Coalville Commemorates

The Cultural Services Team Manager reported that the cost of a gunmetal cross suggested at the last meeting was significant, and as such, less expensive alternatives were being investigated, including the feasibility of a stone based sculpture which would complement the existing artwork. She reported that since the last meeting, she had approached the local quarry who were very positive about providing the materials and transportation. A local artist based in Coleorton had also been approached who worked with granite to seek an indication of the costs of the project which would be in the region of £10,000 - £15,000, which was still in excess of the £2,000 currently allocated to the project.

Councillor J Geary referred to the site meeting where it had been established that members wished to install a monument that would be low maintenance, at a low risk of vandalism and would stand for 100 years as the memorial itself had. He added that granite or stone had been suggested at that time with thoughts that this would be donated by the local quarry. It had also been suggested at the meeting that it was appropriate not only to commemorate the men who went to war but also the families, communities and women who played an important role in contributing to the war effort.

A discussion followed on the options to progress the project. The Cultural Services Team Manager emphasised the limited timescale and requested a clear decision from the Working Party on whether to progress with a stone based sculpture and the budget.

Councillor J Legrys stated that he was keen to have the memorial installed. He was aware that the cost of gunmetal was too prohibitive and supported the stone based sculpture option. He suggested that decisions on progressing the project be delegated to the Chairman to enable delivery within the timescales.

Councillor D Everitt suggested that a sandblasting technique would be more cost effective than carving.

Members discussed the options in terms of the cost of the project and the budget to be allocated. It was suggested that other sources of funding could be explored.

In response to a question from Councillor M B Wyatt, it was clarified that the memorial would be a commemoration for the whole district, not just the Coalville area. Councillor M B Wyatt therefore suggested that a contribution towards the project be sought from Cabinet. He added that additional funding could also be sought from the Bardon Community Fund as this project met the criteria.

The Leisure Services Team Manager advised members that they could request through the minutes that Cabinet consider allocating a sum towards the project and members would need to consider how much funding they wished to request.

A discussion followed on the amount of funding to be allocated to the project overall and the amount to be requested from Cabinet.

It was moved by Councillor J Legrys, seconded by Councillor N Clarke and

RESOLVED THAT:

- a) The progress update on 2017/18 events be noted
- b) The Events Sub Group give further consideration to the Christmas in Coalville event and a progress report be brought to the next meeting of the Working Party
- c) The progress of the plan to commemorate the centenary of the end of WW1 be noted and the option of a stone based sculpture be supported
- d) Additional funding of £5,000 be sought from Cabinet towards the Coalville Commemorates project
- e) Future decisions on the Coalville Commemorates project be delegated to the Chairman and Deputy Chairman of the Working Party in order to progress the project within the timescales
- f) Initial proposals for 2018/19 events be noted.

## **21. CAPITAL PROJECTS UPDATE**

The Leisure Services Team Manager presented the report to members and provided an update on ongoing projects.

### Owen Street Recreation Ground

The Leisure Services Team Manager reported that if the lights were upgraded, they would require an upgrade to 180 lux as opposed to the current 120 lux, which meant that it wouldn't be possible to upgrade them utilising the current lamps as the existing columns and masts would be unable to support the lamps and the electricity supply would be insufficient. He outlined the current health and safety issues with the floodlights as the glass was falling out and replacement covers were not available. He highlighted the differing opinions from the contractors as to whether all the columns needed to be replaced or just the base columns, which would have an impact upon the cost of the replacement. It was anticipated that the cost of refurbishment would be £35,000 - £45,000. He highlighted the opportunity to replace the existing 6 columns with 4 columns, which would cost an additional £7,000. He explained that £50,000 was allocated towards this project in the Capital Programme and the football club was prepared to raise funding of £5,000 towards the project. He reminded members that ultimately the floodlights were the council's asset and responsibility, and as they were posing a health and safety risk he felt the council was obligated to replace them.

Councillor M B Wyatt expressed concerns regarding the level of expenditure and added that not everyone in Coalville was a football fan.

The Leisure Services Team Manager emphasised that this issue was more about health and safety and if someone was injured, the cost to the council would be significantly in excess of the cost of replacement.

In response to questions from Councillor P Purver, the Leisure Services Team Manager advised that the earliest date the football club could apply for funding from the Football Stadia Improvement Fund was 2020 and an upgrade to 180 lux would be sufficient to cover a further two promotions.

In response to a question from Councillor D Everitt, the Leisure Services Team Manager explained that the increased cost of upgrading to 4 columns rather than 6 was due to the re-siting of the columns and rerouting of cabling.

Councillor J Legrys stated that he was conscious of the health and safety risks however members did not yet have all the facts and consequently were unable to make a recommendation. He felt that this needed to be considered as a matter of urgency.

The Leisure Services Team Manager suggested that members may wish to consider delegating the decision as waiting until the next meeting of the Working Party may prejudice the completion of the works out of season.

In response to a question from Councillor N Clarke, the Leisure Services Team Manager advised that to upgrade with four columns rather than six would cost an additional £7,000. Clarification was being sought following the differing views of the contractors and he suggested that if only the base columns needed replacing, upgrading with four columns should not be considered.

It was agreed that authority be delegated to the Chairman and Deputy Chairman to make a final decision on the works to be undertaken.

The Leisure Services Team Manager advised that as the funding was allocated in the Capital Programme, approval from Cabinet would not be required unless the expenditure exceeded £50,000.

#### Radio Transmitter

The Leisure Services Team Manager reported that the planning application had been approved.

#### Thringstone Miners Social Centre Training Pitch

The Leisure Services Team Manager advised that the next meeting of the trustees had now been arranged, and it was hoped that the ongoing issues with the football club would be resolved at that meeting.

#### Coalville Forest Adventure Park

The Leisure Services Team Manager reported that the funding application had been successful. He thanked Councillor M B Wyatt for his help and support with this.

#### Mobile Vehicle Activated Signage

The Leisure Services Team Manager reported that the units were in situ and currently being used.

#### Melrose Road Recreation Ground

The Leisure Services Team Manager reported that the new seating had been installed and the shrubbery would be planted in February.

### Melrose Road Play Hub

The Leisure Services Team Manager reported that approval had been given by the landowner and Legal Services were drawing up an agreement.

### Coalville Park

The Leisure Services Team Manager explained that quarterly actions had been included in the Council Delivery Plan to work towards achieving Green Flag accreditation. He sought approval from members that the park be put in trust.

Councillor J Legrys expressed support for the project and requested as Ward Member he be briefed on the process.

It was agreed that officers proceed with the process of putting the park in trust.

The Leisure Services Team Manager advised that the cost of the associated work was being collated and would be brought to a future meeting. He added that there may be additional cost implications if improvements were required to the toilets and play area.

### Lillehammer Drive

The Leisure Services Team Manager reported that a response from Barratts had not been forthcoming and discussions had taken place with the Legal Services Team regarding the next steps and he outlined the options to resolve this issue.

Councillor J Legrys thanked officers for their persistence with this issue. He stated that he had come to the conclusion that perhaps planning permission should be issued. He expressed his disgust with Barratts as the site was becoming more and more derelict. He was concerned that another summer holiday would pass without any action and he would like to see swift action being taken.

The Chairman endorsed the comments made by Councillor J Legrys.

### London Road Cemetery

The Leisure Services Team Manager outlined the works being undertaken and commented that it had been apparent that the area had been neglected. He felt the proposed works would make a significant improvement to the area however there were other options members may wish to consider to further improve the area. He added that at the last meeting the possibility of putting the area into trust was raised however as it was a closed church yard the cemetery did not qualify.

Councillor M B Wyatt stated that this project certainly met the criteria for the Bardon Community Fund due to the environmental improvements and provision of access to the facilities for local people. He welcomed the proposal and urged officers to apply for funding.

In response to a question from Councillor P Purver, the Leisure Services Team Manager clarified that Green Flag accreditation could only be sought for parks and did not apply to cemetery improvements.

The Chairman commented that this was an opportunity not to be missed.

It was agreed that members meet at the cemetery at 5.15pm before the next meeting of the Working Party on 24 April and that the local resident who had expressed an interest in the improvements to the cemetery be invited to attend.

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



RESOLVED THAT:

- a) The progress update on 2017/18 Capital Projects be noted.
- b) Agreement be given in principle to complete the necessary works to Owen Street floodlights, with authority delegated to the Chairman and Deputy Chairman to make a final decision on the works to be undertaken
- c) Officers investigate further the process of placing Coalville Park in trust as a Centenary Field

**22. COALVILLE SPECIAL EXPENSES 2017/18 P8 POSITION/FORECAST OUTTURN AND DRAFT 2018/19 BUDGET**

The Leisure Services Team Manager presented the report to members, highlighting the current forecast underspent which represented a contribution to balances of just under £13,000. He explained this was mainly due to an increase in burial income of £7,000. He reminded members that it was prudent to retain 10% level of reserves and highlighted the slight increase in reserves forecast which could be allocated to a project.

Councillor M B Wyatt stated that he had spoken with a few local businesses and residents who had expressed support for the ideas of ringfencing additional funding for events. He suggested that members may wish to consider increasing the precept and asked how much income an increase of 0.5% would generate.

The Chairman referred to the Cabinet report on the improvements for Marlborough Square which suggested that a minimum of 4 events would be taking place next year. He expressed interest in the funding arrangements for these events.

Following a discussion on the possibility of increasing the precept, it was agreed that the Leisure Services Team Manager would investigate this further and provide information to members.

Councillor M B Wyatt explained that he had asked the Monitoring Officer to look into whether the meetings of the Working Party could be open to the public. The Chairman stated that he had no problem with opening meetings to the public. Councillor D Everitt commented that this would be in line with parish councils.

RESOLVED THAT:

- a) The 2017/18 P8 position and forecast outturn be noted.
- b) The draft budget for 2018/19 be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.03 pm

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