

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

Time/Date 6.30 pm on THURSDAY, 23 FEBRUARY 2017
Location Council Chamber, Council Offices, Coalville
Officer to contact Democratic Services (01530 454512)

Christine E. Fisher

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Chief Executive

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

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

AGENDA

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



Item	Pages
5. QUESTION AND ANSWER SESSION	
To receive questions from members of the public under procedure rule no.10. The procedure rule provides that members of the public may ask members of the Cabinet any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services.	
6. QUESTIONS FROM COUNCILLORS	
To receive members' questions under procedure rule no.11. The procedure rule provides that any member may ask the chairman of a board or group any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services.	
7. MOTIONS	
To consider any motions on notice under procedure rule no. 12.	
8. PETITIONS	
To receive petitions in accordance with the Council's Petition Scheme.	
9. MINUTES	
To confirm the minutes of the meeting of the Council held on 8 November 2016	3 - 14
10. BUDGET AND COUNCIL TAX 2017/18	
Report of the Interim Director of Resources Presented by the Corporate Portfolio Holder	15 - 94
11. ALLOCATION OF SEATS ON COMMITTEES (POLITICAL BALANCE)	
Report of the Head of Legal and Support Services Presented by the Corporate Portfolio Holder	95 - 98
12. HIGH SPEED RAIL (HS2) PHASE 2: CONSULTATION IN RESPECT OF PROPOSED ROUTE FROM WEST MIDLANDS TO LEEDS - RESPONSE OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL	
Report of the Director of Services Presented by the Regeneration and Planning Portfolio Holder	99 - 146
13. FUTURE EXTERNAL AUDIT ARRANGEMENTS	
Report of the Interim Director of Resources Presented by the Corporate Portfolio Holder	147 - 150

MINUTES of a meeting of the COUNCIL held in the Council Chamber, Council Offices, Coalville on TUESDAY, 8 NOVEMBER 2016

Present: Councillor J Cotterill (Chairman)

Councillors R Adams, G A Allman, R Ashman, R D Bayliss, R Blunt, R Boam, J Bridges, R Canny, J Clarke, N Clarke, J G Coxon, D Everitt, T Eynon, F Fenning, J Geary, S Gillard, T Gillard, L Goacher, D Harrison, G Houlton, J Legrys, S McKendrick, K Merrie MBE, T J Pendleton, P Purver, V Richichi, N J Rushton, A C Saffell, S Sheahan, N Smith, A V Smith MBE, D J Stevenson and M B Wyatt

Officers: Mr S Bambrick, Ms C E Fisher, Mr A Hunkin, Mr G Jones, Mrs M Meredith, Mr P Padaniya, Mrs M Phillips and Miss E Warhurst

29. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J Houlton, R Johnson, G Jones and M Specht.

30. DECLARATION OF INTERESTS

Councillors A V Smith and N Smith declared a pecuniary interest in item 12 – Appointments to the Independent Remuneration Panel, as Margaret Dadley was a customer of Fabulous Fabric and a student at School of Sewing.

Councillor S Sheahan declared a non pecuniary interest in item 10 – Leicester and Leicestershire Combined Authority, as a member of Leicestershire County Council.

31. CHAIRMAN'S ANNOUNCEMENTS

With great sadness, the Chairman announced the recent passing of two former Councillors. A one minute's silence was held in remembrance of Councillor Phil Holland and Councillor Walter Quelch.

32. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

The Leader informed members of the ongoing work across the district to maintain high standards of design in new developments. He referred to the recent visits undertaken by the design ambassadors to a number of sites across the district, and commented that high quality schemes in terms of design were being approved as a matter of course, which would leave a legacy the people of the district could be proud of. He made reference to the DHL building and the Radisson Blu at East Midlands Airport, which was outstanding in design and a landmark building. He also referred to the new Amazon building, the investment for which had been secured due to the Council's can-do approach and business-like attitude, providing 500 permanent new jobs and up to 1,000 seasonal jobs in the district. He added that the support from the Council would help to maximise the local employment benefit, and along with the development at Bardon Grange, the future for Coalville was far brighter than it had been for many years.

The Leader report that the Council was looking to invest over £1 million in conjunction with Ashby Town Council to enhance the area around Hood Park. He advised that work would soon commence on a new car park for the town. He added that the area around Hood Park would be improved and become the cultural and leisure quarter for the town.

Councillor S Sheahan suggested that the Policy Development Group receives a report on the state of the district. He commented that it would be encouraging if the Leader would support this and felt that it would be a useful time to do this exercise.

Councillor R Blunt responded that he felt scrutiny should play a role, however this was a matter for the Chairman of the Policy Development Group.

Councillor J G Coxon welcomed the news in respect of the cultural and leisure quarter for Ashby de la Zouch. He thanked the Leader and the Chief Executive for their time and effort on this initiative and commented that the additional parking spaces would be a godsend. He felt sure that the residents would appreciate the investment in the town.

Councillor N Smith commented on the improvements made in respect of the quality of new developments in the district during the time since he joined the Council. He felt that new builds were tremendous and a credit to all. He welcomed the announcement in respect of the cultural and leisure quarter and felt this would balance the town.

Councillor K Merrie outlined his experience liaising with Amazon, being the ward member for this large scale development. He urged people not to be fearful of development, but to work with people to get the best for the community.

Councillor A C Saffell commented that house design has improved however there were issues on Spitfire Road with roads being too narrow and insufficient parking, which caused neighbour disputes.

Councillor R Blunt thanked Councillor J G Coxon and Councillor N Smith for their positive comments. He praised Councillor K Merrie for his dealings with Amazon, adding that he was a real credit who had demonstrated what could be achieved by working with developers.

Councillor A V Smith announced that the Council had been awarded a gold footprint for the fifth time for the way in which stray dogs were handled. The award recognised the procedures which had been put in place. She added that North West Leicestershire was one of only fifteen Councils to maintain such a service for five years. She congratulated the officers who helped run this service.

Councillor S McKendrick added congratulations and thanks on behalf of the Labour Group to all those involved in achieving this award.

Councillor D J Stevenson commented that the Planning Committee should be proud and also should be shown some gratitude as they had had to face a lot of negativity.

Councillor N Smith and Councillor J Legrys echoed these comments.

Councillor T J Pendleton made reference to the report that was due to be considered at this meeting in respect of gypsies and travellers. He explained that this report had been delayed following the new definition of traveller recently introduced by the government. He referred to the needs assessment which was currently in progress across the county. Early indications showed that the need for new sites was much smaller than anticipated, and as such it had been decided not to publish a document which would almost immediately be out of date. He explained that the revised needs assessment would be received in the next few weeks. He stated that he intended to keep Council informed as this important document was progressed and he would ensure that the Local Plan inspector fully understood the reasons for pausing this document.

Councillor J Legrys stated that he fully understood and supported the reasons for withdrawing this report. He commented that changes were coming from the Government daily and he supported the Planning Policy Team.

33. QUESTION AND ANSWER SESSION

There were no questions received.

34. QUESTIONS FROM COUNCILLORS

As Councillor R Johnson was not present, his question was withdrawn and would be put to the next meeting of Council.

Councillor M B Wyatt put the following question to Councillor A V Smith:

“Can the Portfolio Holder for Environment supply information on the number of fly tipping incidents and the cost of any clean up since 2011”.

Councillor A V Smith gave the following response:

“Fly tipping in North West Leicestershire remains an on-going issue which the teams in Community Services continue to tackle. DEFRA publish national fly tipping statistics which include the number of fly tips reported and the estimated costs of clear up. As an authority we do not allocate costs for each fly tip we clear up but we use DEFRA cost guidelines based on the type of fly tip. For example, a single black bag according to DEFRA equates to £7.00 of costs. Multiple loads can be up to £350 although the authority can amend this if the fly tip costs in excess of this. For example, a tip of asbestos waste would cost more to clear than a pile of bricks. Our reported data since 2011/12 is as follows (data between 2011 and 2014 included some duplication, new system introduced in 2014/15);

Year	Fly tip incidents	Cost of dealing with fly tips
2011/12	1033	£50,044
2012/13	1156	£41,301
2013/14	1110	£42,220
2014/15	697	£31,664
2015/16	746*	£34,116

*The figures for 2015-16 are taken from NWLDC current data and have not yet been audited by DEFRA.

The size of the majority of fly tips in NWL is about the size of a car boot load or less. 60% of fly tips are household waste which are either single items or waste contained in a single black bag. The next highest numbers of fly tips are tyres (8%), construction (7%), green waste (5%), commercial waste (5%), white goods such as freezers and cookers (4%), and vehicle parts (4%). NWLDC are 115 out of all 234 districts for cost of clearing fly tips (excludes city council's and London boroughs).

We use a range of tools for combating fly tipping;

- Deploying mobile cameras at known hotspots
- Display signage (tigers eyes posters)
- School education visits
- Stop & search interventions with police
- Roadshows and stands at DIY stores-Buildbase/Wickes/Harlows
- Duty of care leaflets sent out in Building Control letters
- Information articles for housing tenants magazine “In Touch”
- Facebook/twitter/press articles
- Campaigns including the Keep Britain Tidy Award Winning Lorry Litter campaign

These have been enhanced by the Government introducing on 9 May 2016 a fixed penalty notice option to deal with “low level” offences relating to the illegal disposal of controlled waste contrary to section 33 of the Environmental Protection Act 2016 1990 (fly tipping). There is no definition of what constitutes “low level”. The value of the penalty can be set between £150 and £400. Due to the seriousness of the offence NWLDC set the figure at £400. Since its introduction we have issued 3 FPN’s for this offence. Littering and dog fouling are set at £80.

Since 1 April 2016 the numbers of Fixed Penalty Notices issued by NWLDC are as follows:

- Littering – 30
- Flytipping – 3
- Dog Fouling – 3”

Councillor M B Wyatt declined to ask a supplementary question.

Councillor A C Saffell put the following question to Councillor T J Pendleton:

“Can I be told why only two of the “Minor Changes” requested by myself and the Castle Donington Parish Council have appeared in the list of changes. I went to see the Planning Policy Team Manager personally to explain why for example the requested addition of Donington Hall to the Country Homes list has been ignored when it was designed and built in the 18th Century by the architect and plasterer William Wilkins, who is recognised nationally for his work. Which I think makes it a more important building than either of the others mentioned. It is also now home to Norton Motorcycles which is a world famous brand. We also pointed out some factual inaccuracies such as the wording concerning the presumption against development that will cause harm to a designated heritage asset. There has been recent case law that has changed the wording in the NPPF which I forwarded on to the Planning Policy Team Manager so that he could see that the wording in the Local Plan needed to agree with the new advice. I spent quite a bit of time and checked all my facts.

I also discussed these items with Councillor Pendleton who said he would support what we were suggesting, so can he tell me why we appear to have been ignored”.

Councillor T J Pendleton gave the following response:

“All of the representations that people and organisations took the time and trouble to make, to the local plan, were carefully considered. Councillor Saffell rightly points out that not every change that was asked of us, is proposed to be made to the local plan, and with respect that is why we will be holding an Examination in Public. That Examination will largely be a series of informal Hearings, to which key people and organisations are invited to give evidence. That process is run by an independent Inspector, who has access to all of the representations that have been made, including those of Castle Donington Parish Council.

I now hope to address the specific issues that were raised by Castle Donington Parish Council, which principally concern heritage matters. I welcome the implicit support of the Parish Council, for the remainder of the plan, including the housing, jobs and infrastructure that will be delivered between now and 2031.

We take the view that explicit reference to Donington Hall would not usefully improve the local plan, given that an example was already given of a similar asset. It is felt that the addition of Donington Hall could lead to calls for other similar assets to also be added to the list of examples, which would not add useful value to the plan. Given that this

concerns supporting text and not policy, it is questionable as to the value of the addition of one asset over any other. Notwithstanding this, the Parish Council has made its case, which has been sent to the Inspector, who will take it into consideration.

The assessment of 'harm' to the significance of a heritage asset is not absolute. It is an established principle that any harm that is identified should be weighed against the benefits of the proposed development. It would not, therefore, be appropriate to operate a blanket policy approach to always refuse permission if harm is identified.

We agreed with the Parish Council that Ashby and Castle Donington town centres have broadly similar characteristics, and suggest minor changes to the local plan to reflect that.

The Parish Council put it to us that we should always consider neighbouring buildings and the wider street scene. It would not always be appropriate to consider adjoining buildings or the wider street scene, for instance where the application site is a modern building and neighbouring buildings are of more mature vintage. It would be preferable, in those circumstances, for materials and design appropriate to the building itself to be used.

The Parish Council suggests that the area between the Spittal and Campion Hill be identified as subject to Policy S3: Countryside, as there is no replacement for Policy E1: Sensitive Areas in the new local plan. However, that land is surrounded by existing or planned development so is not countryside.

Similarly, the Parish Council requested that the area between Glover Road, Castle Donington, and Hemington registered as a formal green wedge/area of separation. Policy S3: Countryside affords sufficient protection from inappropriate development. Policy S3 recognises that issues relating to coalescence are relevant considerations in respect of proposals for development in areas identified as countryside.

Finally, the Parish Council asked for more detailed maps of the airport and Donington Park. These can be improved when the local plan is adopted".

Councillor A C Saffell commented that he was a little disappointed as a lot of work had gone into this. He added that he was pleased that a couple of minor changes had been accepted. He suggested that Councillor T J Pendleton and himself visit the Planning Policy Team to discuss. As a supplementary question, he asked why Donington Hall was not included in the list of heritage assets.

Councillor T J Pendleton referred Councillor A C Saffell to his original response which answered many of these points. He highlighted that a review of heritage sites was currently being undertaken. He added that the inspector had been provided with Councillor A C Saffell's comments and would make a determination.

Councillor T Eynon put the following question to Councillor A V Smith:

"The 2016 Annual Report of Leicestershire's Director of Public Health states that in 2014 North West Leicestershire was 6th worst in the country for excess winter deaths.

How did this Council rank in 2015 and 2016? What action was taken to improve performance and what more needs to be done?"

Councillor A V Smith gave the following response:

"The District Council has contacted the County Council's Public Health team and the excess winter deaths ranking data for 2015 and 2016 will be provided to us within the next few weeks, this information will be relayed to Cllr Eynon on receipt. However, Public health have confirmed we are no longer in the bottom ten nationally.

In terms of action to continually improve performance North West Leicestershire District Council administers and supports a multi-agency Staying Healthy Partnership with representatives from Public Health, County Council, Health providers, voluntary agencies and related service providers.

The partnership considers a wide range of issues from smoking cessation, obesity, physical activity, drug and alcohol use and home safety. Priorities are set based upon intelligence from annual Strategic Needs Assessments and Public Health Data.

Winter deaths is a multi agency issue and one that the partnership supports through awareness campaigns and promoting advice and guidance. This is the NHS Choices 'stay well this winter' guidance - <https://www.nhs.uk/staywell#SYoH51OFLouWODIQ.97> which all partners are encouraged to share and promote.

Winter deaths concerning older people are usually as a result of complications in other long term illnesses brought about by low temperatures. Poor housing conditions are a significant factor in this brought about by being unable to heat the home due to cost or some other reason.

Apart from promoting NHS guidance the District Council is supporting the following;

- A collective Switching scheme (www.nwleics.gov.uk/switch) which makes it easy for people to switch energy supplier in order to access competitive tariffs for their gas and electricity. The scheme is specifically designed to support those who would not ordinarily compare the market. The scheme was launched in October 2015 and has seen average annual savings of £329 for those who have taken part.
- Promotion of First Contact Plus which is a single point of contact for anyone seeking information for themselves or on behalf of someone else. Information on a range of health and social care issues are accessed via the website or by telephoning 0116 305 4286 and speaking to one of the advisors or via the following link below <http://www.firstcontactplus.org.uk/home/>
- The Leicestershire Warm Homes Healthy Homes scheme which provides personalised advice and support for those struggling to afford to heat their home. The scheme includes an advice line (0300 333 6544), home visits and grant funding for energy efficiency improvements for those on a low income. We continue to promote to scheme through information sessions to community groups and organisations, parish councils and front line staff.
- Opportunities for the delivery of ECO funded programmes in the District. This funding is delivered via the larger energy companies and provides funding towards energy efficiency home improvements such as loft and cavity wall insulation. A new ECO funding regime will be launched in April 2017 and we are looking at how we access this in order to benefit both council owned and private properties in the District.
- In 2017 the Council will revise its Affordable Warmth Strategy in order to further develop actions to address fuel poverty in NWLDC.

The District Council is also supporting (in principle) the developing Lightbulb programme which is a partnership transformation Programme supported by the seven District Councils in Leicestershire and Leicestershire County Council. It aims to bring together a range of practical housing support into a single point of access or referral. A holistic housing needs assessment (the Housing MOT) will ensure that housing support needs

are proactively identified and that the right solution is found. The overall ambition is to maximise the contribution that housing support can play in keeping vulnerable people independent in their homes; helping to avoid unnecessary hospital admissions or GP visits and facilitating timely hospital discharge. A report will be presented to Cabinet to outline how the District Council can support this programme further during Quarter 4”.

Councillor T Eynon thanked Councillor A V Smith for an excellent and well written response. She stated that she had attended the Adults and Communities scrutiny committee at Leicestershire County Council earlier that afternoon where this issue had been discussed. As a supplementary question, she requested that all members be briefed on this extremely important project and its implications for residents and asked if the Cabinet report would be made available to Policy Development Group prior to consideration by Cabinet.

Councillor A V Smith responded that this was a very important project and was something that the district council fully supported. She added that consideration of a report by Policy Development Group was a matter for the Chairman.

Councillor N Clarke put the following question to Councillor A V Smith:

“Recently Leicestershire County Council made the decision beginning in 2018 to procure capacity for all Waste Collection Authorities (WCAs) dry recycling and direct the WCAs to use it. As the WCAs would no longer be retaining waste for recycling no recycling credits would be payable.

Can the Portfolio holder summarise the financial implications of this decision for this Council and how these implications compare with other WCAs throughout the County, taking into account the budgetary size of all concerned?”

Councillor A V Smith gave the following response:

“Leicestershire County Council’s Cabinet on 16 September 2016 considered and approved a report to issue directions to all Waste Collection Authorities (WCA’s) to tip off all household dry recycling at an appropriate facility by 1 April 2018. Under the Environmental Protection Act 1990, the waste disposal authority (WDA) has the powers to do this.

The impact of this decision on NWLDC is a loss in income ranging between £676,000 and £850,000 per annum. This consists of recycling credits, which is a fixed price per tonne; and sales income, which is variable dependant on market conditions. For 2016/17 our budgeted figures are as follows;

- Recycling credits £342,000
- Material sales income £334,000

It should be noted that due to material sales market conditions we are expected to exceed our income this year with an end of year forecast currently being £490,000. The financial implication in terms of recycling credits for each waste collection authority (WCA) is summarised in the LCC report (excerpt below).

Waste Collection Authority	Tonnes of Kerbside Collected Dry Recycling in 2015/16	Tonnes of Bring Site Collected Dry Recycling 2015/16	Recycling Credits Paid in 2015/16
Blaby DC	8588	474	£465,503
Charnwood BC	15515	384	£816,730
Harborough DC	8416	46	£434,699
Hinckley and Bosworth BC	8601	347	£459,671
Melton BC	5337	1	£274,222
North West Leics DC	6899	286	£369,105
Oadby and Wigston BC	3365	0	£172,844

Note: Tonnage figures are net of contamination

25. Depending on individual contractual arrangements, the WCAs may receive income for the sale of recyclable materials in addition to recycling credits received from the County Council.]

By directing WCA's the recyclable material becomes the property of the WDA, this means that WCA's will either no longer retain the sales income from selling the recyclable material or they will not have to pay a gate fee to dispose of the material. This impacts each authority differently depending on their local arrangements and collection methods.

For example, WCA's that currently collect material commingled have to pay a 'gate fee'. This is a payment made to a facility for disposing of the recycling collected. Current disposal fees from a local materials recycling facility is approximately £25 per tonne. As an example, an authority collecting commingled material paying a gate fee of £25 per tonne on 7,000 tonnes of material collected would currently pay $7,000 \times £25 = £175,000$. They currently receive £51.37 per tonne as a recycling credit totalling £359,590. The net value of their recycling is calculated by subtracting the gate fee from the recycling credit = £189,468.45. From 1 April 2018 LCC will be liable to pay the gate fee; so the net impact on the 'commingled' authority of being directed is only £184,590 and not the full value of the recycling credit of £359,590.

For WCA's such as NWLDC the material is collected separately, it is sold directly to reprocessors and the income is currently retained by the District Council. The value of the recycling credit based on 7,185 tonnes x £51.37 is £369,093.45 plus we can receive between £334,000 and £490,000 in sales income (subject to market material prices). The net impact of direction for authorities who sell their material is a double impact and far more significant. For NWLDC the net impact is a budgeted loss of income totalling £676,000.

Officers have met with Leicestershire County Council following the Cabinet decision to understand the timelines and processes being planned and will be advising me of potential options to mitigate this loss in order that I can bring a report to Cabinet in 2017".

Councillor N Clarke commented that he was sure Councillor A V Smith would agree it was disappointing to note that this Council, which had been more innovative than most in generating income from recycling waste, would be hardest hit by these cuts. He made reference to the consultation which would take place to implement a new incentive scheme. As a supplementary question he asked whether Councillor A V Smith agreed that during this consultation it would be reasonable to demand that the incentive scheme fully reimbursed the Council for the loss of income.

Councillor A V Smith responded that she felt this was a little premature as negotiations were still ongoing. She assured Councillor N Clarke that she was doing everything possible to get some benefit from the current situation, however she could not comment

on the outcome at this stage. She reminded members that North West Leicestershire collected its waste in a different way to the rest of Leicestershire.

35. MOTIONS

No motions were received.

36. PETITIONS

No petitions were received.

37. MINUTES

Consideration was given to the minutes of the meeting held on 28 June 2016.

Councillor S Sheahan requested that the word Brexit be added following his speech on page 69 of the agenda.

It was moved by Councillor J Cotterill, seconded by Councillor V Richichi and

RESOLVED THAT:

Subject to the above amendment, the minutes of the meeting held on 28 June 2016 be approved and signed by the Chairman as a correct record.

38. LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY

The Chairman referred members to the nominations set out in the report. He advised that the nominations from the Labour Group had subsequently been withdrawn, however more nominations had been received than there were seats available on the Planning Committee and Transport Committee. The Chairman advised that a vote would be taken on the nominations individually.

Councillor R Blunt presented the report to members. He provided an update on the progress of the Combined Authority and sought Council's approval of the Constitution and operating agreement.

Councillor S McKendrick stated that she remained concerned about the lack of scrutiny in the structure of the Combined Authority. She felt that this was not robust and she could not support the proposals.

Councillor J Legrys stated that he was aware other authorities were not taking a decision on this matter until the content of the order had been made available. He added that he was sceptical about the lack of scrutiny. He doubted that many members had read the Constitution and operating agreement, and felt establishing a third organisation would add further duplication in North West Leicestershire. He commented that the proposal was a sham.

Councillor J Bridges sought clarity on the proposed composition of the scrutiny function, bearing in mind the comments made.

Councillor R Blunt referred members to paragraph 4.2 of the report and advised that the Constitution required the scrutiny function to be politically balanced across all authorities, and therefore this authority was required to appoint a Conservative member.

A vote was then taken on the appointments to committees.

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

RESOLVED THAT:

- a) The draft Constitution of the Leicester and Leicestershire Combined Authority be endorsed;
- b) The draft operating agreement of the Leicester and Leicestershire Combined Authority be endorsed;
- c) The Chief Executive be authorised, following consultation with the Leader, to make any final minor amendments to the Constitution and operating agreement prior to their approval and adoption by the Leicester and Leicestershire Combined Authority;
- d) The Chief Executive be authorised, following consultation with the Leader, to agree any minor changes to the operating agreement in future following adoption of the document by the Leicester and Leicestershire Combined Authority; and
- e) The following members be appointed to serve on the Leicester and Leicestershire Combined Authority and its committees:

Leicester and Leicestershire Combined Authority
Councillor R Blunt (as Leader of the Council)
Substitute: Councillor A V Smith

Overview and Scrutiny Committee
Councillor M Specht
Substitute: Councillor N Smith

Planning Committee
Councillor T J Pendleton
Substitute: Councillor J Clarke

Transport Committee
Councillor T J Pendleton
Substitute: Councillor J Clarke

39. SENIOR MANAGEMENT STRUCTURE

Councillor R Blunt presented the report to members, outlining the need for the expertise in this area and the appointment made by the Chief Executive on an interim basis. He highlighted the initiatives which had been introduced and the recruitment process as set out in the report.

Councillor J Legrys welcomed the proposals. He sought clarity on the forthcoming review process however he commented that he felt that this was a good use of public money.

Councillor S Sheahan commented that he would be interested to know what other cuts were likely.

It was moved by Councillor R Blunt, seconded by Councillor R Adams and

RESOLVED THAT:

- a) The creation of a permanent post of Head of Economic Development be approved
- b) The Monitoring Officer be authorised to make any consequential changes required to the Constitution arising out of this report

40. APPOINTMENTS TO THE INDEPENDENT REMUNERATION PANEL

Having declared a pecuniary interest, Councillors A V Smith and N Smith left the meeting during consideration of this item and took no part in the discussion or voting thereon.

Councillor N J Rushton presented the report to members.

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

RESOLVED THAT:

- a) Stephen Barkby and Trevor Moore be appointed as members of the Independent Remuneration Panel for a four year term commencing 12 November 2016.
- b) Elaine Oldham and Margaret Dadley be re-appointed as members of the Independent Remuneration Panel for a four year term commencing 12 November 2016.

Councillor M B Wyatt left the meeting at 7.24pm prior to consideration of the report entitled 'Senior Management Structure'.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.31 pm

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**COUNCIL – THURSDAY, 23 FEBRUARY 2017**

Title of report	BUDGET AND COUNCIL TAX 2017/18
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager (Deputy Section 151 Officer) 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p>
Purpose of Report	To allow the Council to approve the 2017/18 budgets and the appropriate Council Tax setting resolution.
Reason for Decision	To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes, associated Treasury Management policies and set the Council Tax for 2017/18.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications	
Financial / Staff	Detailed in the reports to Cabinet which are provided as appendices to this report.
Links to relevant CAT	The budget is relevant to all Corporate Action Teams
Risk Management	Arrangements are in place for regular monitoring of the Council's revenue and capital budgets. The appropriate management action will be taken where variations are projected.
Equalities Impact Screening	No impact identified.
Human Rights	None identified
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory.

Comments of Deputy Section 151 Officer	As report author, the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Cabinet, Policy Development Group, Members of Labour Group, Representatives of the Business Community, Parish Councils, Staff, Trade Unions
Background Papers	Reports and minutes of Cabinet , 7 February 2017
Recommendations	<p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE LEVEL OF RESERVES AND ASSURANCE STATEMENT BY THE DEPUTY SECTION 151 OFFICER - APPENDIX 1; 2. TO APPROVE THE TRANSFER OF THE BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2017/18 TO AN EARMARKED RESERVE FOR FURTHER CONSIDERATION AFTER COMPLETION OF THE 2016/17 ACCOUNTS; 3. TO APPROVE THE FORECASTED SURPLUS INCOME OVER EXPENDITURE IN 2016/17 IS TRANSFERRED TO THE SPECIAL PROJECTS RESERVE; 4. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2017/18; 5. TO APPROVE THE SPECIAL EXPENSES BUDGET FOR 2017/18; 6. TO APPROVE THE SPECIAL EXPENSES PRECEPTS FOR 2017/18; 7. TO FREEZE THE DISTRICT COUNCIL TAX IN 2017/18; 8. TO APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2017/18 BY 1% (AVERAGE OF 83 PENCE PER WEEK); 9. TO APPROVE THE INCREASE OF 2% (13 PENCE PER WEEK) IN GARAGE RENTS FOR 2017/18; 10. TO APPROVE THE REDUCTION IN CENTRAL HEATING CHARGES FOR 2017/18 BY 10%; 11. TO APPROVE THE AVERAGE INCREASE OF 1.03% (7 PENCE PER WEEK) IN SERVICE CHARGE FOR 2017/18; 12. TO APPROVE THE GROUND RENT INCREASE AT

APPLEBY MAGNA CARAVAN SITE OF 2% (62 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2017/18;

13. TO APPROVE THE LIFELINE CHARGES INCREASE OF 8% (79 PENCE PER WEEK) FOR PRIVATE CUSTOMERS AND 2% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2017;

14. TO APPROVE THE HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2017/18 – APPENDIX 2;

15. TO APPROVE THE GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HRA CAPITAL PROGRAMMES AND PLANNED FINANCING FOR 2017/18;

16. TO APPROVE CAPITAL EXPENDITURE IN 2017/18 AND CAPITAL EXPENDITURE IN 2018/19 FOR THE VEHICLE REPLACEMENT PROGRAMME ONLY;

17. TO APPROVE THE REMAINDER OF THE CAPITAL PROGRAMMES 2018/19 TO 2020/2021 AS INDICATIVE ONLY AT THIS STAGE.

18. TO DELEGATE AUTHORITY TO THE DEPUTY S151 OFFICER IN CONSULTATION WITH THE PORTFOLIO HOLDER (CORPORATE) TO MAKE ANY NECESSARY AMENDMENTS TO THE BUDGET FOLLOWING RECEIPT OF THE FINAL GOVERNMENT SETTLEMENT.

19. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2017/18 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT AS AMENDED;

(1) 31,262 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) (ENGLAND) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.

(2) THE AMOUNTS SPECIFIED IN TABLE 1 (APPENDIX 5) OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNTS OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

20. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2017/18 IN ACCORDANCE WITH SECTIONS 31A AND 31B

OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

- (1) DISTRICT / PARISH GROSS EXPENDITURE**
£61,008,336 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (2) OF THE ACT.
- (2) INCOME**
£53,772,434 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.
- (3) DISTRICT / PARISH NET EXPENDITURE**
£7,235,903 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 20(1) ABOVE EXCEEDS THE AGGREGATE AT 20(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.
- (4) BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)**
£231.46 BEING THE AMOUNT AT 20(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.
- (5) PARISH PRECEPTS/SPECIAL EXPENSES**
£ 2,278,424 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.
- (6) BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)**
£158.58 BEING THE AMOUNT AT 20(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 20(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEM RELATES.
- (7) BASIC AMOUNT OF TAX (PARISHED AREAS)**
THE AMOUNTS LISTED IN COLUMN 5 OF TABLE 2

TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 20(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) DISTRICT /PARISH COUNCIL TAX RATES

THE AMOUNTS SET OUT IN TABLE 3 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 20(6) AND 20(7) ABOVE BY THE NUMBER WHICH, IN THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR VALUATION BAND DIVIDED BY THE NUMBER WHICH IN THAT PROPORTION IS APPLICABLE TO DWELLINGS LISTED IN VALUATION BAND D, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 36(1) OF THE ACT AS THE AMOUNTS TO BE TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.

21. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE 4 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2017/18 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

22. COUNCIL TAX RATES – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 20(8) (TABLE 3) AND 21 (TABLE 4) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2017/18 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE 5.

	<p><u>23. REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u> TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2017/18 IS NOT EXCESSIVE.</p> <p><u>24. TREASURY MANAGEMENT STRATEGY</u> TO APPROVE THE TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18, PRUDENTIAL INDICATORS 2016/17 (REVISED) AND 2017/18 – 2019/20, AND ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2017/18.</p>
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1. INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2017/18 together with their respective Capital Programmes.
- 1.2 It also has a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for its area for a financial year by 11 March of the preceding financial year.
- 1.3 This action of setting the Council Tax (recommendations 18 to 22) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.
- 1.4 The Council Tax setting part of this report is based on the assumption that Leicestershire County Council, Leicestershire Police Authority and the Combined Fire Authority all approve the precepts the Council has been informally advised of and it may be necessary to amend parts of this report when the Council receives formal notifications.
- 1.5 As the relevant meetings of these bodies may not take place until after the issue of this report, any changes made by any of them will be reflected in a revised paper which may need to be tabled at the meeting.

2. BUDGETS AND CAPITAL PROGRAMMES

- 2.1 The 2017/18 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by the Cabinet on 7 February 2017. Copies of the respective detailed reports to the Cabinet are attached as follows:
 - General Fund and Special Expenses Revenue Budgets – Appendix 1
 - Housing Revenue Account Budget Proposals – Appendix 2
 - Capital Programmes – Appendix 3
- 2.2 The Cabinet is making the recommendations 1 to 18 inclusive set out at the front of this report.
- 2.3 The final settlement from Central Government has not been published at the time of this report. It is recommended to delegate the authority to the Deputy S151 Officer in consultation with the Portfolio Holder (Corporate) to make any necessary amendments to the Budget, following receipt of the final local government settlement.

3. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 3.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Deputy Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 3.2 Taking into account identified risks, the Deputy Section 151 Officer, as required by Section 25 of the Local Government Act 2003 considers that the estimates which form the General Fund and Special Expenses budgets are robust; the proposals are deliverable and will produce a balanced budget for 2017/18.
- 3.3 The Housing Revenue Account estimates are similarly considered to be robust.
- 3.4 The budget report to Cabinet shows the estimated position for the Council's revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Deputy Section 151 Officer considers that the overall level of reserves is adequate.

4. SETTING THE COUNCIL TAX

- 4.1 The wordings of the recommendations for setting the Council tax are prescribed and are explained below.
- 4.2 Recommendations 19(1) and 19(2)
The amount shown in these recommendations are the Council Tax Base for the 2017/18 year (Recommendation 18(1)) and the Council Tax Base for 2017/18 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 18(2)) both as shown in Table 1.
- 4.3 Recommendation 20 (1)
This figure represents the Council's estimated gross expenditure for 2017/18 including the Special Expenses plus the parish precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

	£
District Gross Expenditure	58,262,502
Parish Precepts	1,843,085
Surplus of Income over Expenditure	902,749
Total	61,008,336

- 4.4 Recommendation 20(2)
This is the District Council's estimated gross income for 2017/18 from fees, charges, rents, specific and general Government grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

	£
Fees and charges, rents, specific Government Grants	46,225,502
Formula Grant	572,000
National Non Domestic Business Rates	3,850,000
New Homes Bonus	2,840,452
Transfer from Collection Fund	284,480
Total	53,772,434

4.5 Recommendation 20(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 20(1) above and gross income at 20(2) above. It is calculated as:

	£
Gross Expenditure	61,008,336
<u>Less</u> Gross Income	53,772,434
Total	7,235,902

4.6 Recommendation 20(4)

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

Where:

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

Therefore:

$$\frac{\mathbf{\underline{\underline{\pounds 7,235,902 (R)}}}}{\mathbf{31,262 (T)}}$$

$$= \mathbf{\pounds 231.46}$$

4.7 Recommendation 20(5)

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

	£
Special Expenses	435,339
Parish Precepts	1,843,085
Total	2,278,424

4.8 Recommendation 20(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 20(4) the sum of the Special Expenses plus parish precepts (recommendation 20(5) divided by the District Council Tax base):

$$\begin{array}{r} \pounds 231.46 - (\pounds 2,278,424) \\ \hline 31,262 \end{array}$$

= £158.58

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

4.9 Recommendation 20(7)

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 20(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 20(6) above.

4.10 Recommendation 20(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 20(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 20(7) (where there are parish precepts and/or Special Expenses), the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D as follows:

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

4.11 Recommendation 21

In issuing their precepts for the financial year 2017/18 Leicestershire County Council (subject to County Council meeting), Leicestershire Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band. There will be an update at the District Council meeting should the County Council's information change.

4.12 Recommendation 22

This amount is calculated by adding together the amounts in Recommendation 20(8) and the amounts in Recommendation 21. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support discounts which replaced Council Tax Benefits from 1 April 2013.

4.13 Recommendation 23

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

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2017/18 would be considered excessive if it is more than 2% greater than its relevant basic amount of Council Tax for 2016/17. For 2017/18 Parish Councils are again not included in the principles.

As no increase in Council Tax is being recommended in those parts of the District in which no parish precepts apply (i.e. in the District element of the Council Tax plus appropriate Special Expenses element) there is no question of the basic amount of Council Tax for 2017/18 being determined as excessive.

5. Recommendation 24

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

These documents were considered by the Cabinet on 7 February 2017 and are attached at **APPENDIX 4**.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 7 FEBRUARY 2017

Title of report	GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS 2017/18
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk Financial Planning Manager / Deputy S151 Officer 01530 454707 Pritesh.padaniya@nwleicestershire.gov.uk
Purpose of report	For Cabinet to agree the final 2017/18 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 23 February 2017.
Reason for Decision	To enable the Council to set a balanced budget for 2017/18 as required by statute.
Council Priorities	The budget assists the Council in achieving all its priorities.
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening	As contained in the report. The budget is relevant to all Corporate Action Teams (CATs). The budget will be managed and monitored throughout the year to ensure savings are achieved and services delivered as planned. No impact 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	Federation of Small Businesses, Town and Parish Councils, Trade Unions, Policy Development Group (11 Jan 2017).
Background papers	<u>Cabinet Reports:</u> Medium Term Financial Strategy 2017 to 2020 General Fund and Special Expenses Revenue Budgets 2017/18 – 13 December 2016
Recommendations	<p>THAT CABINET:</p> <p>1. RECOMMENDS TO COUNCIL:</p> <p>(I) THAT IT NOTES THE LEVEL OF RESERVES AND ASSURANCE STATEMENT BY THE DEPUTY SECTION 151 OFFICER IN SECTION 7 OF THE REPORT.</p> <p>(II) THE BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2017/18 IS TRANSFERRED TO AN EARMARKED RESERVE FOR FURTHER CONSIDERATION AFTER THE COMPLETION OF THE 2016/17 ACCOUNTS.</p> <p>(III) THE FORECASTED SURPLUS INCOME OVER EXPENDITURE IN 2016/17 IS TRANSFERRED TO THE SPECIAL PROJECTS RESERVE.</p> <p>(IV) APPROVAL OF THE GENERAL FUND REVENUE BUDGET FOR 2017/18 SUMMARISED IN APPENDIX 1.</p> <p>(V) APPROVAL OF THE SPECIAL EXPENSES BUDGET FOR 2017/18 SET OUT IN APPENDIX 2.</p> <p>(VI) THAT IT FREEZES THE DISTRICT'S COUNCIL TAX IN 2017/18.</p>

1.0 INTRODUCTION

- 1.1 The draft General Fund budget proposals for 2017/18 were considered and approved for consultation by Cabinet, on 13 December 2016.

1.2 This report summarises progress and highlights any changes made since the last Cabinet report was prepared and presents the responses to the budget consultations so that appropriate recommendations can be made to the Council on 23 February 2017 for the Budget and Council Tax for 2017/18.

1.3 The Medium Term Financial Strategy (MTFS) approved by Cabinet in October 2016 projected a budget surplus of £956k for 2017/18. At that stage savings of £372k were predicted in 2019/20.

1.4 Since the Cabinet agreed its draft budget proposals on 13 December 2016 the base budget has been completed, the Government has announced provisional grant funding for 2017/18 and responses to our budget consultations have been received.

1.5 Local Income and Increased Efficiencies

As part of the culture of managing resources efficiently and effectively throughout the year the managers have continued to work hard to keep service budgets down and absorb the effects of inflation within existing budgets. As plans are in place to keep General Fund reserve at an adequate level, the projected budget surplus will be transferred to an earmarked special reserve.

1.6 Government Funding Changes

The Government announced the Provisional New Homes Bonus payments and the Provisional Local Government Finance Settlement for 2016/17 on 15 December 2016. Our provisional 2017/18 New Homes Bonus has been set at £2.840m. This is £340k higher than assumed in the MTFS. This increase is mainly due to legacy payments being made for 5 years rather than 4 in 2017/18. It also reflects the work the Council's officers have done to bring empty homes back into use and ensuring that new homes qualify for New Homes Bonus at the earliest opportunity. However the Government has also introduced a 'deadweight' factor that will have a negative impact on New Homes Bonus in subsequent years.

1.7 The latest budget position compared with the MTFS is summarised in the table below:

Assumption in MTFS	£956k
Reduction in Business Rates Income	(£125k)
Additional Staffing cost (July Cabinet)	(£85k)
Other Additional Staffing cost	(£118k)
Reduction in Investment Income	(£40k)
Improvement in the Collection Fund	£185k
Improvement in New Homes Bonus	£340k
Other Base Budget Changes	<u>(£210k)</u>
Projected Surplus Budget 2017/18	£903k

1.8 The Surplus will be transferred to an Earmarked reserve. Evidence based proposals will be made on how this one off under spend will be allocated.

2.0 **2017/18 GENERAL FUND REVENUE BUDGET**

2.1 Pay and Prices Inflation

Provision has been included within the budget for the agreed cost of living pay increase to staff covering the period to 31 March 2018. There is also provision for a further increase of 1% in employer's superannuation contribution. Inflation has been included where there is a contractual obligation for increases in costs.

2.2 Collection Fund

The Council is required to estimate the 31 March 2017 position on the Collection Fund (which is the account to which all the Council Tax receipts are credited, and from which all precepts are paid). A surplus of £284k is projected for this Council. The MTFS assumed a surplus of £50k.

2.3 Central Government Funding

2.3.1 Funding from the Government in respect of Revenue Support Grant, National Non Domestic Rates (NNDR) and New Homes Bonus has a significant influence on the Council's spending plans. The allocations for 2017/18 are compared with the MTFS in the table below:

	MTFS	Provisional Settlement	Change
	£000	£000	£000
Revenue Support Grant	570	572	2
New Homes Bonus	2,500	2,840	340
Total	3,070	3,412	342

2.3.2 The Settlement assumes £2.243m in locally retained Business Rates. This figure will vary depending on actual yields but it cannot fall by more than 7.5% because of safety net arrangements. Under the arrangements from April 2013 district councils are allocated 40% of increases and decreases in Business Rates paid. There is also a system of levies and safety nets which reduces our share of increases to 20%, but at the same time provides a safety net which limits our losses to 7.5% of our funding baseline, which for this authority works out at approximately £168k in 2016/17. As the Council is participating in local pooling arrangements with other councils in the county next year, the safety net will be funded locally so is less secure than the national safety net arrangements which apply when there is no local pooling. In light of our forecasted business rates in the current year and taking into consideration other factors such as organic growth, new business and appeals provisions a figure of £3.850M figure is included in 2017/18 budget.

2.4 New Homes Bonus

The Government consulted on the New Homes Bonus scheme last year, with the intention of reducing the amount paid out through the scheme. The target set in the settlement was to reduce the total payments by £600m, with the savings used to fund adult social care precepts.

In order for the reduction in payments, changes to the scheme have been made. The key changes are:

- The Government is reducing legacy payments from 6 years to 5 years in 2017-18 and then to 4 years in 2018-19.
- A “deadweight” factor or national baseline will be introduced, so that no NHB payments will be made to a local authority for the first 0.4% of growth in new homes.
- From 2018-19 the Government will withhold payments from authorities not supporting housing growth. This will potentially include no or reduced payments for houses that are built following a successful appeal and to local authorities who do not have an approved Local Plan. There will be a further consultation on these elements.

Clearly there are financial implications due to the changes in the New Homes Bonus payments. The impact can be summarised as follows across the term of the MTF5:

FINANCIAL YEAR	ORIGINAL NHB £'000	REVISED NHB £'000	CHANGE IN FUNDING £'000
2017/18	2,548	2,840	292
2018/19	2,680	2,390	-290
2019/20	2,600	2,153	-447
TOTAL			-445

2.5 Council Tax

Government Grant is not available to help Councils which freeze or reduce their Council Tax. Increases in a District’s Council Tax are limited to 2% unless a referendum supports a bigger increase. If the Council was to increase its Council Tax by 1.99% (level before a referendum is triggered) in 2017/18 it would generate an additional income of around £98k, which would also be consolidated into the Council’s tax base.

The Council began its policy of freezing the Council Tax eight years ago, before the introduction of Government freeze grants, and will continue with this policy into 2017/18.

The income expected to be generated from the Council Tax will increase from £4.808m in the current year to £4.926m in 2017/18 as a result of increase of 934 band “d” equivalents properties in the tax base.

2.6 Local Council Tax Support (LCTS) Grant

From April 2013 the Government abolished Council Tax Benefit and replaced it with a locally determined Council Tax Support Discount Scheme. Giving people discounts on their Council Tax reduces the Council Tax income which all the preceptors including Town and Parish Councils receive. The District and the major preceptors (County, Police and Fire & Rescue) receive Government grant which compensates, at least in part, for this loss of income.

The Government does not provide this grant support to Town and Parish councils. Since the start of the new scheme this Council has given an element of its Council Tax Support Grant to Towns and Parishes to allow them to maintain their existing level of income.

The Government's Council Tax Support Grant is now incorporated within the Revenue Support Grant which has already fallen significantly and will reduce to nil by 2019/20. Providing the grants to Town and Parish Councils is costing the District Council around £100,000 in 2016/17. The Cabinet is proposing to continue the scheme for 2017/18, but then to have a phased reduction as set out in the MTFs.

2.7 Revenues and Benefits Partnership

Under our partnership agreement the Council needs to agree its contribution to the Leicestershire Revenues and Benefits Partnership for the next financial year. The Joint Committee held on 26 January 2017 approved an increase of £27k or 2.3% which is attributable to contractual obligations, inflation and service costs. This has been built into the base budgets.

2.8 General Fund Reserve

The uncommitted balance on the General Fund is £2.4m. The Cabinet is already aware of the volatility which the localisation of Business Rates brings to the Council's finances and the proposed changes to 100% rates retention after 2020. Similarly other local income including loss of Income from the sale of recyclables and to a lesser extent planning and car park charges, continue to be difficult to predict. It is prudent to retain the General Fund Balance at this level due to the uncertainties stated above.

2.9 Earmarked Reserves and Provisions

The Council's earmarked General Fund revenue reserves and provisions stood at £9.1m at 1 April 2016. A review of the committed expenditure against these reserves has been undertaken and it is estimated that around £8.5m will remain at 31 March 2017. All of this is earmarked for a particular use in the future: it is therefore not currently available for the Council's general use.

3.0 **GENERAL FUND 2016/17 – PROJECTED OUTTURN**

3.1 The summary budget shown at Appendix 1 shows the 2016/17 budget, projected outturn and 2017/18 budget. A surplus of £1.3m has been projected for 2016/17 compared to the original budget of £1.08m. The main reason for the additional under spend is an increase in planning fees and business rates income.

3.2 Since 1 April 2013 local authorities have been sharing the benefit of additional business rates with Central Government. Any reductions in business rates including closures and

rating appeals are also shared. Although currently the Projected Outturn assumes an increase of £82k in Business Rates Income this could change when the Council's accounts are closed and audited in the summer.

- 3.3 In paragraph 2.8 it was explained that the General Fund Reserve should be retained at a level of £2.4m. The projected surplus will be over and above the minimum level of reserves required. This report recommends that this additional surplus of £0.2m is transferred to the Council's Special Projects Reserve at the year end, pending a review of the general financial position and priorities.

4.0 REVENUE BUDGET 2017/18 – PROPOSALS IN SUMMARY

4.1 Summary

The following table summarises the headline figures for 2017/18 as contained in Appendix 1.

Expenditure	2017/18
	£
Chief Executive's Department	5,902,240
Director of Services	5,562,450
Non Distributed Costs & Other	147,800
Corporate Items & Financing	1,144,925
Recharges Out of General Fund	(1,187,020)
Transfer to Balances/Reserves	902,749
2017/18 Budget Requirement	12,473,144
Funding Sources	
Formula Grant -RSG	572,000
National Non Domestic Rates	3,850,000
New Homes Bonus	2,840,452
Council Tax	4,925,812
Transfer from Collection Fund	284,880
Total Funding Available	12,473,144

5.0 CONSULTATION

- 5.1 There were no responses or comments received from the trade unions, Town & Parish Councils and the federation of Small Businesses. The Cabinet's Revenue Budget Proposals and draft Capital Programmes were presented to the Policy and Development Group meeting on 11 January 2017. The comments of Policy Development Group are included in the minutes attached at Appendix 3.

6.0 SPECIAL EXPENSES

6.1 Coalville Special Expenses

As with the Council's own revenue budget, the special expenses budget for Coalville has been prepared on the basis of a nil increase in Council Tax and is included in Appendix 2. It incorporates the information considered by the Coalville Special Expenses Working Party on 15 December 2016.

6.2 The Budget (Appendix 1 and 2) also includes the cost of permanent opening of Coalville Market toilets on Sunday; This follows the completion of a successful trial period as agreed by Cabinet in July 2016.

6.3 Other Special Expenses

The Council also levies special expense precepts in some of the parished areas of the District. In the main these relate to grounds maintenance works that the Parish Councils have chosen for the District to perform. A schedule showing the estimated level of expenditure and proposed precepts is included in Appendix 2.

7.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

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

7.2 Taking into account identified risks, the Deputy Section 151 Officer considers that the estimates which form the General Fund budget are robust; the proposals are deliverable and will produce a balanced budget for 2017/18 as required by Section 25 of the Local Government Act 2003.

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

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

7.5 The budget process for the 2017/18 year concludes with the approval of all the revenue budgets and the capital programmes by the full Council on 23 February 2017, following which the Council will also determine the level of Council Tax in 2017/18.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2017/18

Appendix 1

2016/17 Budget £	2016/17 F'cast Out - turn	Service	2017/18 Budget £
261,900	263,200	Chief Executive	262,360
449,390	508,000	Economic Development	598,320
7,530	7,530	Joint Strategic Planning	7,750
107,100	106,980	Director of Resources	112,200
345,750	386,220	Human Resources	395,020
2,421,900	2,367,940	Legal & Support Services	2,467,140
1,989,200	2,027,840	Finance	2,059,450
5,582,770	5,667,710	Total Chief Executive's Department	5,902,240
337,900	344,019	Director of Services	346,540
4,134,390	4,138,480	Community Services	4,432,530
467,880	438,960	Strategic Housing	482,940
477,280	137,610	Regeneration & Planning	300,440
5,417,450	5,059,068	Total Director of Services	5,562,450
44,930	42,140	Corporate & Democratic Core	60,310
9,850	10,090	Non Distributed - Revenue Expenditure on Surplus Assets	10,090
77,260	85,210	Non Distributed - Retirement Benefits	77,400
11,132,260	10,864,218	NET COST OF SERVICES	11,612,490
(1,418,150)	(1,268,500)	Net Recharges from General Fund	(1,187,020)
9,714,110	9,595,718	NET COST OF SERVICES AFTER RECHARGES	10,425,470
CORPORATE ITEMS AND FINANCING			
<u>Corporate Income and Expenditure</u>			
1,054,200	1,054,200	Net Financing Costs	1,053,104
(116,000)	(142,667)	Investment Income	(76,000)
100,000	100,000	Corporate Contingency	0
167,821	167,821	Localisation of Council Tax Support Grant - Parish & Special Expenses	167,821
10,920,131	10,775,072	NET REVENUE EXPENDITURE	11,570,395
1,081,912	1,309,161	Contribution to Balances/Reserves	902,749
12,002,043	12,084,233	MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)	12,473,144
Financed By			
1,120,000	1,120,000	Formula Grant	572,000
2,773,081	2,773,081	New Homes Bonus	2,840,452
345,441	345,441	Transfer from Collection Fund	284,880
4,807,987	4,807,987	Council Tax	4,925,812
2,955,534	3,037,724	National Non-Domestic Rates Baseline	3,850,000
12,002,043	12,084,233	TOTAL FUNDING AVAILABLE	12,473,144
<u>SPECIAL EXPENSES</u>			
487,450	508,869	Community Services	493,120
487,450	508,869	NET COST OF SERVICES AFTER RECHARGES	493,120
Financed By			
(4,487)	16,752	Use of Reserves	(5,722)
424,192	424,192	Council Tax	435,339
4,242	4,242	Other Grant	0
63,503	63,503	Localisation of Council Tax Support Grant	63,503
487,450	508,689		493,120

APPENDIX 2

SPECIAL EXPENSES	2016/17		2017/18
	ORIGINAL ESTIMATE	PROJECTED OUTTURN	ESTIMATE
	£	£	£
COALVILLE			
Parks, Recreation Grounds & Open Spaces	264,910	280,030	263,400
Broomley's Cemetery	12,700	16,680	19,210
C/V War Memorials/Grass Verge Cutting	16,090	16,090	16,220
One Off Grants	2,000	2,000	2,000
CV Public Conveniences & Vehicle Activated Signs	0	9,000	500
Coalville Events	54,380	60,107	55,110
	350,080	383,907	356,440
WHITWICK			
Cemetery	11,480	12,570	11,650
Grass Verge Cutting	620	621	630
	12,100	13,191	12,280
HUGGLESCOTE			
Parks, Recreation Grounds & Open Spaces	0	357	0
Cemetery	13,900	20,868	17,140
	13,900	21,225	17,140
PLAY AREAS/CLOSED CHURCHYARDS			
GROUND MAINTENANCE:			
OSGATHORPE	360	355	360
COLEORTON	3,300	3,304	3,330
RAVENSTONE	360	355	360
MEASHAM	1,880	1,882	1,900
LOCKINGTON-CUM-HEMINGTON	1,850	1,851	1,870
OAKTHORPE & DONISTHORPE	3,840	3,838	3,880
STRETTON	1,350	1,349	1,360
APPLEBY MAGNA	1,620	1,621	1,640
OTHER SPECIAL EXPENSES	14,560	14,555	14,700
SPECIAL EXPENSES (NET COST OF SERVICE)	390,640	432,878	400,560
Service Management recharges	96,810	96,810	92,560
ANNUAL RECURRING EXPENDITURE	487,450	529,688	493,120
FUNDED BY:			
Use of Reserves	-4,487	37,751	-5,722
Precept	424,192	424,192	435,339
Localisation of Council Tax Support Grant	67,745	67,745	63,503
	487,450	529,688	493,120

EXTRACT of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 11 JANUARY 2017

Present: Councillor M Specht (Chairman)

Councillors N Clarke, J Cotterill, J Geary, D Harrison, G Hault, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson and S Sheahan

Officers: Mr S Bambrick, Mr C Brown, Mr P Collett, Mr A Hunkin, Mr G Jones, Outama, Mr P Padaniya, Mr J Richardson and Mrs R Wallace

Guests: Mr M Beckett (SLC Rail), Inspector H Bhakta (Leicestershire Constabulary), Mr B Hlland (SLC Rail) and Ms K Smith (SLC Rail)

22. DRAFT GENERAL FUND REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2017/18

The Financial Planning Manager presented appendix one of the report and updated Members that since the proposals were considered by Cabinet in December the Local Government Financial Settlement had been announced. The two key elements in relation to the announcement was that the four year settlement that was offered last year had been confirmed and the changes to the New Homes Bonus Payments meant that the Council would benefit in the short term.

In response to questions from Councillor N Clarke, the Financial Planning Manager stated the following:

- The one off cost increases in the waste service was due to the County Council's withdrawal of recycling payments from 1 April 2018; a temporary round consisting of extra staff was required.
- The additional funds for information management had made a noticeable difference as more information was now available online for people to view instead of submitting Freedom of Information Requests which was a lengthy and costly process. Some processes had also been streamlined so that information was only input once which would save money in the long term.
- The surplus was less than originally forecasted in the Medium Term Financial Strategy due to key factors such as delays in some areas of business rate income, employment costs and some income not as much as predicted. He added that the change in New Homes Bonus meant that the figure would now be slightly higher.

Councillor N Clarke commented that he was pleased that the Council Tax Support Benefit would remain at the same level as it helped many people within his Ward. Councillor N J Rushton commented that it was a tough decision but he felt it was a good one for the level to remain the same.

In response to a question relating to the additional costs as a result of staffing numbers from Councillor D Harrison, the Interim Director of Resources explained the importance of maintaining adequate staffing levels and in general there would not be a lot of growth in budgets or levels of staff. He added that any major changes would need to be investigated seriously before being implemented.

The Financial Planning Manager presented appendix two of the report.

In response to questions from Councillor N Clarke, the Financial Planning Manager stated that although reducing the number of refuse vehicles may have been mentioned in the past due to lower levels of recycling, this was not included in the proposals. Councillor N J Rushton added that recycling still needed to be collected even if the levels were lower. Also there had been an increase in households in the District and therefore the vehicles were required.

The Director of Housing presented the HRA Capital Programme section of the report to Members.

Councillor M Specht was pleased with the building of new council homes.

Councillor N J Rushton commented that he was very proud that new council homes were being built for the first time in 30 years.

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

RESOLVED THAT:

The comments made by the committee be considered by Cabinet at its meeting on 7 February before making its recommendations to Council.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 7 FEBRUARY 2017

Title of report	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Financial Planning Manager and Deputy Section 151 Officer 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p>
Purpose of report	To seek approval of the 2017/18 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 2017/18.
Council Priorities	The HRA budget assists the Value for Money priority.
Implications:	
Financial/Staff	As included in report.
Link to relevant CAT	Delivering a HRA Budget for 2017/18 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.
Risk Management	The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.

Equalities Impact Screening	None identified.
Human Rights	None identified.
Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team (CLT 15 November 2016), Cabinet (13 December 2016), Tenants Performance and Finance Working Group (15 December 2016), Tenants and Leaseholders Consultation Forum consultation exercise undertaken (14 December 2016 – 12 January 2017), Policy Development Group (11 January 2017).
Background papers	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18 (CABINET – 13 DECEMBER 2016) HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18 (POLICY DEVELOPMENT GROUP - 11 JANUARY 2017)
Recommendations	<p>A. THAT THE ASSURANCE STATEMENT BY THE DEPUTY S151 OFFICER BE NOTED,</p> <p>B. THAT THE COUNCIL BE RECOMMENDED TO:</p> <ol style="list-style-type: none"> 1. APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2017/18 BY 1% (AVERAGE OF 83 PENCE PER WEEK). 2. APPROVE THE INCREASE OF 2% (13 PENCE PER WEEK) IN GARAGE RENTS FOR 2017/18. 3. APPROVE THE REDUCTION IN CENTRAL HEATING CHARGES FOR 2017/18 BY 10% 4. APPROVE THE AVERAGE INCREASE OF 1.03% (7 PENCE PER WEEK) IN SERVICE CHARGE FOR 2017/18. 5. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 2% (62 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2017/18. 6. APPROVE THE LIFELINE CHARGES INCREASE OF 8% (79 PENCE PER WEEK) FOR PRIVATE CUSTOMERS AND 2% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2017.

	7. APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2017/18 ATTACHED AS APPENDIX A
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1.0 INTRODUCTION

- 1.1 The Housing Revenue Account (HRA) budget for 2017/18 is set out in Appendix A, along with the 2016/17 original and revised forecast outturn for information.
- 1.2 Cabinet considered a draft HRA budget report on 13 December 2016 and this was followed by a report to the Policy Development Group on 11 January 2017.
- 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. Although inflation is now predicted to rise towards the end of 2017, it is still considered prudent to retain the assumption of lower long term rent increases. However, inflationary pressures from late 2017 onwards, coupled with the ongoing 1% rent reductions, will certainly present financial challenges to the Housing service going forward.

2.0 2016/17 BUDGET POSITION

- 2.1 The budgeted outturn position for 2016/17 was a £2.395m surplus. The overall forecast at period 9 shows a potential surplus of £2.86m. This is largely as a result of improved performance in letting empty properties, which produces lower rent losses.
- 2.2 As a result of this, the total value of HRA balances at 31 March 2017 is estimated to be £8.54m. This balance significantly exceeds our agreed minimum working balance on the HRA of £1m and has been developed as a provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022. Hence an estimated £7.54m will be held in a savings reserve (at 31 March 2017) that was created for the purposes of repaying these loans commitments, in addition to the £1m minimum balance, taking total estimated reserves to £8.54m.

3.0 2017/18 BUDGET OVERVIEW

- 3.1 Budget proposals are based on prices and levels of charges for Council Housing related services at September 2016 plus known increases, for example contractual obligations.
- 3.2 The budget investment and budget savings for the 2017/18 budget are shown within Appendix B.
- 3.3 Since presentation of these investment and savings to Cabinet in December, the following changes have been made:
 - 3.3.1 Revision of saving 'SAV20' and investment 'BI27' to reflect part year implementation of charges (see 5.3 below)
 - 3.3.2 Introduction of a new investment 'BI31' to contribute towards the new apprentice levy, which the Council will need to allow for from April 2017.

- 3.3.3 Reduction in the amount of budgetary provision for charges associated with gas and reduction in the associated central heating income 'SAV28' and 'BI30' (see 5.4 below).
- 3.4 Other changes made to the budget are:
- 3.4.1 Reduction in the level of depreciation charged from £3.995m to £3.1m (see 3.7 below).
- 3.4.2 Increase in the value of revenue contribution to capital outlay (RCCO), following re-profiling exercise of planned future Decent Homes improvement work and identification of savings achieved (see 3.8 below and HRA Capital programme report)
- 3.5 Repairs and maintenance of dwellings expenditure (Appendix A – line 1) in 2017/18 is anticipated to total £5.4m.
- 3.6 Supervision and management expenditure (Appendix A – line 4) in 2017/18 is expected to be £2.7m.
- 3.7 From 1 April 2017 full depreciation, calculated on a componentised basis in accordance with Financial Reporting Standards, is to be charged, rather than using the Major Repairs Allowance (MRA). This process involves us assessing the likely replacement cost and lifecycles of all the components that make up our housing stock and transferring from revenue to capital an appropriate provision to fund improvement work on an annual basis. Before the financial year 2012/13 all debits and credits to the HRA were prescribed through Government determinations and depreciation was not included. However, a MRA did form part of the annual housing subsidy amount and that essentially recognised the need to replace building components by transferring funds from revenue to capital. Since the implementation of the self financing HRA in April 2012, a charge was made based on an historic MRA value of £3.995m. An assessment of componentised depreciation has been calculated from our housing stock and included in the budget for the 2017/18 year at £3.1m (Appendix A – line 7).
- 3.8 For 2017/18, the level of RCCO is proposed to increase from nil in 2016/17 to £2.99m, in order to meet planned capital expenditure (Appendix A – line 24). This additional amounts reflect the reduced level of depreciation (£3.1m) compared to a higher level of MRA that was available for capital improvements (and results from the re-profiling of planned future Decent Homes work). The RCCO also supports taking forward new build projects for the brownfield site (Coalville), Greenacres (Coalville) and Willesley Estate (Ashby) sites as presented to Cabinet on 10 November 2015.
- 3.9 The budget for 2017/18 is estimated to produce an operating surplus / deficit of zero, after making the RCCO and a contribution of £142k to the debt repayment reserve, which will take total estimated HRA balances at 31 March 2018 to £8.68m. The HRA working balance will remain at £1m and the remaining £7.68m will be held in the debt repayment reserve.
- 3.10 In the years following 2017/18, 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:
- 2018/19 - £1.19m
 - 2019/20 - £2.57m

- 2020/21 - £2.19m
- 2021/22 - NIL

3.11 Members may recall the values above differing to those presented to Cabinet in December. This is as a result of the combined and ongoing compound effect of changes to the budget which are detailed under 3.3, 3.4 and throughout this report.

3.12 Central government announced on 23 November 2016 that local authorities are no longer required to implement a “pay to stay” policy (charging higher rents to those tenants with higher incomes, with any additional income being returned to the Treasury), although it had always been assumed that the net financial impact of any such policy would have been neutral. There are no current plans to introduce such a policy.

4.0 2017/18 BUDGET – RENTS

4.1 During 2014, the Government announced that from 2015/16 rent guidance required rent increases to be via a formula of September CPI + 1% for the next 10 years. On the introduction of that guidance the former rent restructuring policy ceased, with the exception of re-letting properties at the converged rent level (‘target rent’) on re-let.

4.2 As part of the 2015/16 budget, Cabinet agreed to adopt an accelerated convergence approach that increased 2014/15 rents following the guidance of CPI + 1%, but also continued to converge rents not already at the target rent at an accelerated rate of up to £4 per week. Cabinet also agreed to the expansion of the approach to letting properties at target rent to include transfers by existing tenants.

4.3 However, at the end of October 2016, only 55% of properties were at their target rent, a much lower percentage compared to the vast majority of local authorities.

4.4 The Work and Welfare Reform Act 2016 required rents to be reduced by 1% below their 2015/16 levels, with the exception of those for supported housing. An exemption was granted for supported housing and those rents were increased by CPI + 1%. However, the Secretary of State for Work and Pensions announced on 15 September 2016 that the 1% rent reduction would apply for supported housing for 2017/18 and the following two years.

4.5 The formula for determining rents has not altered despite this direction and there is therefore some scope to review rent levels in respect of the valuation element of the rent formula (which is currently based on 1999 values). A review is currently underway to determine the financial impact of a revaluation of Council Housing stock, so we can assess the potential effect it may have on future rent levels, and income streams. This may lead to some small changes in the rents of some council properties. Any further proposals will be presented for Cabinet approval at a later date, following a revaluation exercise.

4.6 The level of rent loss due to void properties target included in the budgeted rental income is 1.5%, a reduction from 1.8% assumed in the previous year.

4.7 As a result of the 1% rent reduction for 2017/18 and lower property numbers due to RTB sales, net budgeted rental income is £305k less than budgeted in 2016/17 (Appendix A – line 12).

4.8 Until 2015/16 the long term HRA business plan had a core assumption that future rents would increase by 2.5% (notwithstanding the four year 1% rent reductions from 2016) and this was a standard benchmark assumption across most social housing landlords. In view of current government policy and the outlook for inflation, that assumption was revised downwards to 1.5% for the 2016/17 budget. It is not considered appropriate to make any further change to that assumption. This has a significant impact on projected future rental income flows, and over the 30 year business plan period additional efficiencies and further savings will still need to be identified.

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, whilst all other fees and charges are not.

5.2 For 2017/18 average weekly service charges are proposed to be increased by an average of 1.03% to reflect changes in usage patterns and costs.

5.3 Tenants are due to be consulted in the new financial year about plans to introduce or enhance communal cleaning to approximately 70 blocks where the service is not currently provided. The anticipated costs will be recovered in full through a service charge and in total these are estimated to be £66,763 per annum (full year) which will require an average service charge currently estimated at approximately £3.95 per week. Although originally included for consultation at a full years forecast of cost and associated income in the proposals presented to Cabinet in December, forecasts are now amended to £50,070 for costs and associated income with a commencement date of July 2017. (See 3.3.1 above).

5.4 Central heating charges were formally proposed to be maintained at existing levels, however since seeking approval from Cabinet on this in December 2016, further work undertaken to predict forecast usage and cost has resulted in a proposed 10% reduction.

5.5 Garage rent levels are proposed to rise by 2.0% which is in line with the Retail Prices Index (RPI) as at September 2016.

5.6 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 2.0% on the anniversary of each individual rent agreement in 2017/18.

5.7 It is proposed that Lifeline Charges are increased by RPI of 2.0% from April 2017 for East Midlands Housing as per the contract, but for 8% for private customers, in line with an updated marketing plan for the Lifeline Service.

5.8 Shop leases are proposed to rise by 14% as agreed by Cabinet in November 2014 as part of the process of gradually moving them to a market rent.

5.9 A table detailing each charge variation 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 3.8 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 inclusion of negotiated gifted units from developers provides some improvement in the overall business plan viability. However, given the current forecasts for the rental income stream, it is not possible to achieve a positive cash flow in future over a full 30 year forecasting 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 shortfalls of £20.4m in 2041/42 and a further £21.9m by the end of the 30 year period in 2045/46. Cabinet will note the favourable reduction in these amounts as a result in changes made to the budget proposals, compared to the figures presented in December.
- 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, so it is not considered necessary to draw up detailed plans at the moment to address the highlighted sums.
- 6.5 The RCCO for 2017/18 is £2.99m. Future amounts are forecast to be required in order to support the capital programme, including new build proposals, as follows:

RCCO

- 2018/19 - £1.831m
- 2019/20 - £0.096m
- 2020/21 - £0.434m
- 2021/22 - £0.845m

- 6.6 Members should note the increased levels of RCCO compared to those presented to Cabinet in December. These additional amounts reflect the reduced level of depreciation (£3.1m) to fund capital improvements (see 3.8 above), and the effect of re-profiling of planned future Decent Homes work and identification of savings achieved during 2016/17.
- 6.7 In relation to the proposed sale of higher value empty homes, a provision of £0.5m originally included in 2016/17 capital programme will be revised to nil and carried forward to create a notional £1m provision for 2017/18. Guidance from DCLG has now been issued stating that central government will be funding the Right To Buy Pilot for housing association tenants, and that local authorities will not be required to make any Higher Value Asset Payments in 2016/17 or 2017/18. It is proposed that we retain this £1m provision in the budget whilst we await further clarification from government as to how the policy may impact on local authorities from 2018/19 onwards. If, at a later date, it becomes possible to release this provision for other purposes, it is proposed that initial consideration be given to reducing the income target from HRA asset disposals (meaning in effect we will need to sell lower numbers of surplus sites and/or vacant council houses), and/or

supporting the council's new build programme. Capital budgets are the subject of a separate report to Cabinet.

7.0 CONSULTATION PROCESS

- 7.1 Consultation on the Housing Revenue Account 2017/18 draft budget proposals (as approved by Cabinet on 13 December 2016) 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 15 December 2016) were supportive of the recommended proposals.
- 7.3 The formal consultation closed on 12 January 2017, and no written comments were received. The TLCF indicated they were supportive of the expenditure being earmarked for the Council's new build programme, and for parking improvements on estates (capital budgets are the subject of a separate report to Cabinet).
- 7.4 The draft budget was also considered by Policy Development Group on 11th January 2017 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 or their Deputy) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 Taking into account identified risks, the Deputy Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2017/18 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 - DRAFT

LINE NO.	DETAIL	2016/2017		2017/2018
		Budget £	Forecast (p9) £	Estimate £
1.	TOTAL REPAIRS & MAINTENANCE	5,258,450	4,994,630	5,354,970
	SUPERVISION & MANAGEMENT			
2.	General	2,163,710	2,162,610	2,190,720
3.	Special	608,230	601,730	502,030
4.		2,771,940	2,764,340	2,692,750
5.	PROVISION -DOUBTFUL DEBTS	125,000	125,000	125,000
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	3,995,170	3,995,170	3,139,190
8.	Debt Management Expenses	1,400	1,400	1,390
9.		3,996,570	3,996,570	3,140,580
10.	TOTAL EXPENDITURE	12,151,960	11,880,540	11,313,300
11.	RENT INCOME			
12.	Dwellings	17,268,070	17,465,240	17,109,960
13.	Service Charges	464,490	453,050	519,460
14.	Garages & Sites	84,130	74,770	85,630
15.	Other	25,570	20,540	21,380
16.	TOTAL INCOME	17,842,260	18,013,600	17,736,430
17.	NET COST OF SERVICES	-5,690,300	-6,133,060	-6,423,130
18.	CAPITAL FINANCING - HISTORICAL DEBT	147,670	147,670	125,000
19.	CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
20.	INVESTMENT INCOME	-66,020	-90,510	-43,860
21.	PREMATURE LOAN REDEMPTION PREMIUMS	7,060	7,060	7,060
22.		3,345,880	3,321,390	3,345,370
23.	NET OPERATING EXPENDITURE	-2,344,420	-2,811,670	-3,077,760
24.	REVENUE CONTRIBUTION TO CAPITAL	0	0	2,986,380
25.	DEPRECIATION CREDIT - VEHICLES	-50,730	-50,730	-50,730
26.		-50,730	-50,730	2,935,650
27.	NET (SURPLUS) / DEFICIT	-2,395,150	-2,862,400	-142,110
	<u>HRA BALANCES</u>			
28.	Balance Brought Forward	-5,678,481	-5,678,481	-1,000,000
29.	(Surplus)/Deficit for Year	-2,395,150	-2,862,400	-142,110
30.	Transfer to Loan Repayment reserve	7,073,631	7,540,881	142,110
31.	HRA General Balance as at year end	-1,000,000	-1,000,000	-1,000,000
32.	Loan Repayment Reserve balance	-7,073,631	-7,540,881	-7,682,991

Saving / Increase in Income
APPENDIX B

Ref	Team	Savings Bid Title	Value	RAG
SAV1	Housing Management	Removal of two Support Officer posts within Older Persons Service	-£56,250	G
SAV2	Housing Management	DWP Funding to continue Support Officer (Universal Credit) role	-£13,000	G
SAV3	Housing Management	Council Tax Expenses impact following reduction in number of empty properties	-£29,880	G
SAV5	Asset Management Team	Mechanical Air Extraction	-£15,000	G
SAV7	Asset Management Team	Reduction in DLO spend on fuel	-£6,000	G
SAV8	Asset Management Team	Tipping Charges	-£9,090	G
SAV11	Housing Management	Lifeline Service Remodelling	-£6,240	G
SAV13	Housing Management	Additional income from Court Cost increases	-£7,850	G
SAV14	HRA Business Support	Reduction in the level of corporate recharges to the HRA	£-200,000	G
SAV 15	HRA Business Support	Merging of Energy Strategy Officer position with another post (80% saving)	-£31,730	G
SAV16	Housing Management	AMCS HRA Management Fee charge to the General Fund	-£15,650	G
SAV18	Asset Management Team	Reduction in responsive & maintenance costs as a result of right to buy sales	-£32,000	G
SAV19	HRA Business Support	Budgeted reduction in void rate from 1.8% to 1.5%	-£52,300	G
SAV20	HRA Business Support	Introduction of communal cleaning into flats	-£50,070	G
SAV28	Housing Management	Contracted gas price reduction - Service Chargeable element	-£8450	G
De-min SAV	De-minimis (below £5k)	Online Document Access for Tenant Scrutiny Panel (SAV2) £1,000; Repairs charges for Leaseholders (SAV17) £460; Repairs to shared common parts (SAV22) £3,430; Fire extinguisher servicing (SAV23) £480; Increase in garage rent (SAV24) £1,500; Door entry maintenance charges (SAV25) £620; Annual increase in cleaning contract (SAV21) £370; TSP Budget Reduction (SAV27) £2,000	-£9,860	G
46		Total	-£543,370	

Investment / Reduction in Income

Ref	Team	Investments Bid Title	Value	RAG
BI2	Housing Management	Introduction of CCTV to Cropston Drive	£5,000	G
BI3	Housing Management	Continue Support Officer (Universal Credit) role in Housing Management Team	£31,000	G
BI5	Housing Management	Impact of increased Court Cost fees	£17,000	G
BI12	Housing Management	Additional Lifeline Equipment in support of marketing plan	£10,000	G
BI18	Asset Management Team	DLO cost of living salary increases	£30,150	G
BI19	Housing Revenue Account	Housing Team cost of living increase and Asset Management Team Restructure Charges	£89,800	G
BI22	Director & Head of Housing	Removal of Salary Turnover for Director and Head of Housing	£5,350	G
BI23	HRA Business Support	Funding in support of Greenhill youth facilities	£25,000	G
BI26	Asset Management Team	Amendment to the apportionment of revenue and capital salary costs following the restructure of the Asset Management team	£132,370	G
BI27	Housing Management	Additional expenditure with introducing service charge for cleaning of common parts in flats	£50,070	G
BI30	Housing Management	Income reduction from heating service charges	£8450	G
BI31	HRA	Apprenticeship levy split evenly across the Housing Service	£10,000	G
De-min BI	De-minimis (below £5k)	Insurance premium payments for TARAs (BI4) £700; Increased subscriptions including Housing Ombudsman (BI11) £4,800; Annual contract increases (BI13) £3,620; Grounds maintenance annual increase (BI25) £1,020; Annual increase cleaning contract (BI24) £370	£10,510	G
		Total	£424,700	

COMPARISON OF 2016/17 AND 2017/18 HOUSING CHARGES

APPENDIX C

Chargeable Service	2016/17		2017/18			Basis of Increase	
	Actual 2016/17	Charge	Estimates 2017/18	Increase/ (Decrease)	% Change		Charge
Service Charges	£492,107	Varies per property	£554,794	£62,687	1.03%	Largest increase value: £2.88 pw or 84%; Largest decrease value: £1.36pw or -98%	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	£115,223	0 Bed: £7.75pw 1 Bed: £9.34pw 2 Bed: £10.72pw 3 Bed: £12.32pw	£84,550	-£12,200	-10.00%	0 Bed: £6.95w 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	Based on market assessment of predicted utility costs during 2016/17 and forecast energy prices for 2017/18.
Garage & Garage Site Rent (before adjustments to income for void loss)	£75,000	Garage: £6.30pw Site: £4.04pw	£76,500	£1,500	2.00%	Garage: £6.43pw Site: £4.12pw	September 2016 RPI increase in line with other years
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	£15,595	Site: £31.19pw	£15,907	£312	2.00%	Site: £31.81pw	September 2016 RPI based increase at anniversary date of each licence in line with previous years.
Shop Leases	£14,300	n/a	£16,302	£2,002	14.00%	n/a	14% increase based on Nov 14 Cabinet Report
Tenants Contents Insurance	£45,883	Premiums from £0.44 to £6.70pw	£51,299	£256	0.50%	Premiums from £0.44 to £6.78pw	Minimum increase in price of 0.5% in IPT, not yet known if any further increase in premiums due to renegotiation of framework agreement
Lifelines for private customers	£100,726	£3.39 per week	£108,789	£8,063	8.00%	£4.18pw based on marketing plan	Private lifelines marketing plan to be presented by HMTM
Lifelines (East Midlands Housing Association)	£38,209	Various depending on scheme	£38,973	£764	2.00%	Various depending on scheme	September 2016 RPI increase in line with other years
Choice Based Lettings Advertising Costs	£28,000	n/a	£22,000	-£6,000	-21.43%	n/a	Reduction based on c100 fewer void properties from Housing Management
Total Services	£925,042		£969,114	£44,072			

NWLDC Housing Revenue Account Loan Schedule

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

Loan Type (repayment year for maturity loans)	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
	76,785,000		

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

APPENDIX E

EXTRACT of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 11 JANUARY 2017

Present: Councillor M Specht (Chairman)

Councillors N Clarke, J Cotterill, J Geary, D Harrison, G Hault, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson and S Sheahan

Officers: Mr S Bambrick, Mr C Brown, Mr P Collett, Mr A Hunkin, Mr G Jones, Outama, Mr P Padaniya, Mr J Richardson and Mrs R Wallace

Guests: Mr M Beckett (SLC Rail), Inspector H Bhakta (Leicestershire Constabulary), Mr B Hulland (SLC Rail) and Ms K Smith (SLC Rail)

23. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18

The Director of Housing presented the report to Members highlighting the proposed budgeted surplus of £276,000 and the estimated balance on the Housing Revenue Account to be £8.5million by March 2018. He referred to the consultation process with Council tenants and reported that the comments were mainly around the building of new council homes which was well received, the proposed parking improvements on estates were welcomed and a preference for air source heat pumps heating systems over gas central heating, even though they were more costly to install.

Councillor D Harrison was pleased to see an improvement in the turnaround time for void properties and asked what the current figures were. The Director of Housing reported that the turnaround time was now 35-36 days. He also informed Members that rent loss due to void properties was now down to 1.2 percent from 1.8 percent last year, this equated to approximately £100,000 additional rent income.

Councillor N Clarke referred to the repayment of debts as detailed at paragraph 2.2 of the report and asked if it was still due to be repaid as per the planned timescales. He also added that he was delighted about the new build council homes and thanked the Director of Housing for all the work undertaken to try and acquire the site at Cropston Drive for development. The Director of Housing confirmed that the debt repayment was on track as planned and that complex negotiations were ongoing in relation to acquiring the Cropston Drive site.

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

RESOLVED THAT:

The comments made by the Committee be considered by Cabinet at its meeting on 7 February before making recommendations to Council on 24 February

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 7 FEBRUARY 2017

Title of Report	CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2016/17 AND PROGRAMMES 2017/18 TO 2021/22
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager/Deputy S151 Officer 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p>
Purpose of Report	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2016/17 for the General Fund, Coalville Special Expenses and the H.R.A.</p> <p>To seek approval to the General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2017/18 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	Report is satisfactory
Comments of Deputy Section 151 Officer	As author, the report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory
Consultees	Policy Development Group 11 January 2017, CLT and Budget Holders. Leicestershire, Northamptonshire and Rutland Federation of small businesses.
Background Papers	Proposals to Improve Organisational Productivity, Efficiency and Effectiveness – Cabinet 26 July 2016 Proposal to Acquire Brownfield Site for Development of Car Parking – Cabinet 14 June 2016 Capital Programmes – General Fund, Coalville. Special Expenses and Housing revenue Account (HRA). Projected outturn 2015/16 and Programmes 2016/17 to 2020/21 – Cabinet 9 February 2016 Parking Strategy – Cabinet 13 December 2016

	<p>Asby Cultural and Leisure Quarter Project – Cabinet 13 December 2016</p> <p>New Build Proposals for Council Housing – 10 November 2015</p>
Recommendations	<p>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2016/17 AND PLANNED FINANCING BE NOTED.</p> <p>B. THAT COUNCIL BE RECOMMENDED TO APPROVE EXPENDITURE IN 2017/18 AS PER:</p> <ul style="list-style-type: none"> • APPENDIX “A” GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES • APPENDIX “B” FOR HRA CAPITAL SCHEMES <p>AND IN 2018/19 THESE SCHEMES ONLY:</p> <ul style="list-style-type: none"> • £935,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPHS 3.2 TO 3.2.3 <p>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.</p>

1.0 INTRODUCTION

- 1.1 Appendix “A” shows the proposed General Fund and Special Expenses Capital Programme for 2017/18 to 2021/22.
- 1.2 Appendix “B” shows the H.R.A. proposed Capital Programme for 2017/18 to 2021/22.
- 1.3 The Appendices also present the estimated outturn for the current year for approval.

2.0 GENERAL FUND - ESTIMATED OUTTURN 2016/17

- 2.1 The projected outturn for 2016/17 on General Fund schemes totals £2,991,215. This is a managed increase of £192,705 on the original budget for the year of £2,798,510.
- 2.2 This managed increase is caused by the following:

Schemes carried forward from 2015/16	£	£
Improving Customer Experience (ICE)	75,455	
User Workstation Replacement	5,053	
Helpdesk Software Upgrade	3,546	
Server and Storage Additional Capacity	9,351	
Replacement Telephone System	14,499	
Disabled Facilities Grant	104,578	

Refuse Kerbsider	165,330	
Council Offices Extension Car Park - resurfacing	20,000	
South Street Car Park, Ashby – Resurfacing (Retention)	762	
Belvoir Shopping Centre - Main Service Road, Coalville	12,000	
Silver Street Car Park, Whitwick - Resurfacing	44,675	
Coalville Market Upgrade (Phase 2)	35,966	
Market Hall Wall	24,650	
Wellbeing Centre at HPLC	(750)	
Total		515,115
Additional Approved Schemes 2016/17		
HR/Payroll System – further funding	14,000	
ICT Security Infrastructure – further funding	4,600	
ICT Infrastructure Scheme (Roadmap) – Cabinet 26 July 2016	478,000	
Fleet – Vans Medium – further funding	20,411	
Car Park – Ashby Health – Cabinet 14 June 2016	620,000	
Total		1,137,011
Planned Slippage in 2016/17 c/f to 2017/18		
Disabled Facilities Grant – Slippage into 2017/18	(371,338)	
User Workstation Replacement - Slippage into 2017/18	(5,053)	
ICT Infrastructure Scheme (Roadmap) – allocated to 17/18 & 18/19	(244,000)	
Refuse Kerbsiders x 4 – slippage into 2017/18	(677,330)	
Council Offices Extension Car Park - resurfacing	(20,000)	
Hood Park LC Car Park, Ashby – resurfacing (section of)	(15,000)	
Total		(1,332,721)
Underspends Identified in 2016/17		
Digger – No longer required	(126,000)	
Various small over/underspends identified	(700)	
Total		(126,700)
Total Managed Increase		192,705
Total Managed Increase Funded by: (Net Position)		
Revenue	252,600	
Value for Money Reserve	89,955	
Other Reserves	389,206	
Other Contributions	(750)	
Internal Borrowing (USB)	(538,306)	
Total		192,705

The total planned financing of the General Fund expenditure totalling £2,991,215 in 2016/17 is as follows:

	£
Disabled Facilities Grant	298,050
S106 Contributions	399,250
Revenue Contributions to Capital	388,520
Value for Money Reserve	89,955

Other Reserves	671,996
Internal Borrowing	1,143,444
Total	2,991,215

- 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 2015/16 but which has slipped into 2016/17 and for which the budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2017/18 TO 2021/22 – INDIVIDUAL SCHEMES

3.1 The programme for 2017/18 to 2021/22 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. Schemes shown as slippage from 2016/17 and carried forward to 2017/18 are detailed in the table in paragraph 2.2 above. In addition, the following new schemes are included in the programmes for approval to commence in 2017/18:

- 3.1.1 Hermitage Recreation Grounds, Whitwick – All Weather Play Area Car Park (£7,500)
Proposed replacement or upgrade* of the surface of the parking area at the AWPA to address defects and maintain an acceptable surface condition. *The surface is currently Breedon Golden Amber Gravel but this may be upgraded to a surface that will be more resistant to wear.
- 3.1.2 Swannington Depot - Demolition (£35,000)
The last annual condition survey for the Swannington Site rated the buildings as 'Life Expired' – serious risk. The buildings present a safety risk and require demolition and the site securing with adequate perimeter fencing to protect the site.
- 3.1.3 Car Parking Meters (£140,000)
Replacement and installation of car parking meters to support the Parking Strategy Report presented to Cabinet 13 December 2016.
- 3.1.4 Ashby Cultural and Leisure Quarter Project (£330,000)
Further development of Ashby as per the 'Ashby Cultural and Leisure Quarter Project' report presented to Cabinet 13 December 2016.
- 3.1.5 Refurbishment of Moira Furnace Toilet Unit (£20,000)
The refurbishment of Moira Furnace toilet unit which serves our assets: Moira Furnace (Tourist Attraction and scheduled ancient monument) and Moira Furnace Craft Village within the site and grounds of Moira Furnace. This is the first refurbishment of the toilets since they were developed in the late 1990's.
- 3.1.6 Leisure Centre ICT Servers (£15,000)
ICT have identified that the servers at the Leisure Centre are reaching the end of their natural life and as they are becoming outdated, it would be a risk for us to continue undertaking software upgrades to them as they might not have the capacity or capability to handle future upgrades which could seriously compromise service delivery.

3.2 Fleet Replacement Programme

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

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

- 3.2.1 In order to progress with the 2018/19 purchases approval is sought for the following vehicles:

	£
Refuse (3 x refuse vehicles)	485,000
Sweeper (1 x Compact sweeper)	50,000
14 Medium Vans (13 x housing + 1 x waste)	210,000
Box Van	40,000
Baler	80,000
Mowing Machines x 2	70,000
Total	935,000

- 3.2.2 Waste, Street Cleansing and Grounds Maintenance Services: (approx £725,000)

The existing vehicles, including three waste collection vehicles, one compact sweeper, one box van, one baler and two mowing machines are to be replaced as part of the annual vehicle replacement programme to ensure reliability of waste, street cleansing and grounds maintenance service delivery.

- 3.2.3 Medium Vehicles (approx £210,000)

Fourteen medium vehicles are to be replaced across the fleet for 2018/19 as part of the annual vehicle replacement programme. These include thirteen vans for the Housing Team and one van for the Waste Services Team. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

- 3.3 The General Fund Capital Programme (2017/18) will be funded by:

	£
Disabled Facilities Grants	524,780
Revenue Contribution	135,920
Reserves	835,338
Capital Receipts	150,000
Internal Borrowing	1,424,883
Total	3,070,921

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 The Projected outturn for 2016/17 is £90,644. This consists of slippage from 2015/16 of £78,644 and a new scheme identified of £12,000. The projects are as follows:

	£
Cropston Drive BMX Track – slippage	7,500
Thringstone Miners Social Centre – slippage	2,821
Urban Forest Park - Footway & Drainage Improvements – slippage	7,073
Owen Street – Floodlights – slippage	779
Owen Street – Changing Rooms – slippage	60,471
Green Gym at Playhub, Melrose Road, Coalville – New scheme	12,000
Total	90,644

4.2 There are no new schemes agreed at present for 2017/18.

5.0 H.R.A. CAPITAL PROGRAMME – ESTIMATED OUTTURN 2016/17 AND 2017/18 - 2021/22 INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2017/18 to 2021/22.

5.2 Planned spend in 2017/18 and onwards mainly consists of:

5.2.1 Decent Homes Improvement Programme (DHIP)

The Council brought all of its homes up to the Decent Homes standard in 2015/16 and is forecast to spend £3.6m in maintaining decency in 2016/17. Each year will require further investment to ensure that 100% of homes remain at the standard.

The Decent Homes Improvement Programme for 2017/18 will invest £2 million in improving tenants’ homes.

5.2.2 Other Planned Investment Programme

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments (of £1.47m) required to maintain and enhance the housing stock and associated services and assets, which are outside the government’s definition of Decent Homes works.

5.2.3 New Build/Affordable Housing Programme

In November 2015 Cabinet approved the building of new Council homes on 3 different sites, subject to planning permission, at:

Cropston Drive, Greenhill	- up to 20 homes
Linford and Verdon Crescent, Coalville	- up to 16 new homes
Willesley estate, Ashby	- up to 8 homes
Total	= up to 44 homes

The above schemes will see an investment of £4.25m in 2017/18.

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, a provision of £0.5m originally included in the 2016/17 capital programme will be revised to nil and carried forward to create a notional £1m provision for 2017/18. Guidance from DCLG has now been issued stating that central government will be funding the Right To Buy Pilot for housing association tenants, and that local authorities will not be required to make any Higher Value Asset Payments in 2016/17 or 2017/18. It is proposed that we retain this £1m provision in the budget whilst we await further clarification from government as to how the policy may impact on local authorities from 2018/19 onwards. If, at a later date, it becomes possible to release this provision for other purposes, it is proposed that initial consideration be given to reducing the income target from HRA asset disposals (meaning in effect we will need to sell lower numbers of surplus sites and/or vacant council houses).

5.2.5 Future Funding

Following the change in the core assumption for future rent increases that was made in 2016/17, the long term HRA business plan continues to be based on annual rent increases of 1.5% (notwithstanding the annual 1% rent reductions from 2016 for four years). This means that additional efficiencies will continue to be sought and ongoing work to identify sites and properties suitable for disposal will be maintained.

6.0 CAPITAL RESOURCES

6.1 The resources estimated to be needed to finance the **General Fund programme** 2017/18 to 2021/22 totals £7,380,431 and is as follows:

	£
2017/18	3,070,921
2018/19	1,774,200
2019/20	1,056,700
2020/21	835,610
2021/22	643,000
Total	7,380,431

6.2 Details of the planned funding of the programmes are included in Appendix A. Funding is in place in 2017/18 for the Disabled Facilities Grants Scheme (£1,032,038) consisting of £524,780 Disabled Facilities Grants, £371,338 of reserves and £135,920 of Revenue Contribution. The further funding of the Ashby Cultural and Leisure Quarter project (£330,000) consists of £180,000 from Reserves and £150,000 from Capital receipts. The ICT Infrastructure scheme (Roadmap £144,000) and the Car Parking Meter scheme (£140,000) are to be funded from the 16/17 projected revenue underspend and will be held in reserve until expenditure is incurred. The remaining schemes (£1,424,883) can be funded by either leasing or borrowing depending on value for money and for which, provision has been made in the 2017/18 Revenue Budget.

6.3 The following resources are budgeted to be available for financing the **Housing Revenue Account programme** in 2017/18:

	£
Usable Balances	2,363,216
Retained Right to Buy Receipts	240,655
Right to Buy Receipts – Attributable debt	688,841
Use of Right to Buy ‘One for One’ reserve	133,383
RCCO	2,986,375
Major Repairs Allowance	3,139,194
Asset Disposals (Capital Allowance)	600,000
Total Resources	10,151,664
Less Budgeted Expenditure	10,151,664
Surplus to be carried forward to 2018/19	0

7.0 PROCUREMENT ROUTES

- 7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet 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 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 Director of Services in consultation with the Portfolio Holder.
- 7.5 Where not using pre-existing contracts or frameworks all procurement processes for contracts over £25k 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 11 January 2017. Consultation with the business community was by letter through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. The comments of Policy Development Group are included in the minutes attached at Appendix C

DRAFT GENERAL FUND CAPITAL PROGRAMME 2017/18 to 2021/22

SCHEME	BUDGET HOLDER	FUNDING																
		2016/17 ORIGINAL BUDGET	2016/17 Actual at Period 6	2016/17 Inc c/f & slippage	2017/18	2018/19	2019/20	2020/21	2021/22	GRANTS/ S106 CONTRIB	DF GRANTS	VFM Reserve	OTHER RESERVES	RESERVES ASSET PROT FUND	REVENUE	CAPITAL RECEIPTS	LEASING OR BORROWING	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
CHIEF EXEC DIRECTORATE																		
Improving Customer Experience Project (ICE)	Anna Wright	-	51,655	75,456	-	-	-	-	-	-	75,456	-	-	-	-	-	-	
User workstation monitor replacements	Sam Outama	-	-	-	5,053	-	-	-	-	-	-	-	-	-	-	-	5,053	
Desktop Equipment Upgrade	Sam Outama	42,000	2,691	42,000	-	-	-	-	-	-	-	-	-	-	-	-	42,000	
Helpdesk software upgrade	Sam Outama	-	-	3,546	-	-	-	-	-	-	-	-	-	-	-	-	3,546	
Server and storage additional capacity	Sam Outama	-	-	9,351	-	-	-	-	-	-	-	-	-	-	-	-	9,351	
Replacement telephone system	Sam Outama	-	11,359	14,499	-	-	-	-	-	-	14,499	-	-	-	-	-	-	
ICT Security Infrastructure	Sam Outama	63,000	67,600	67,600	-	-	-	-	-	-	-	-	-	-	-	-	63,000	
HR / Payroll System	Mike Murphy / Anna Wright	50,000	63,847	63,847	-	-	-	-	-	-	-	-	-	-	-	-	49,847	
ICT Infrastructure Scheme	Sam Outama	-	-	234,000	144,000	100,000	-	-	-	-	-	244,000	-	-	-	-	234,000	
DIRECTOR OF SERVICES																		
Disabled Facility Grants	Minna Scott	716,760	250,000	450,000	1,032,038	660,700	660,700	-	-	-	1,872,390	387,368	-	-	-	-	543,680	
Refuse Vehicles and Refuse Kerbsiders	Paul Coates	857,000	344,425	344,425	847,330	485,000	-	560,000	180,000	-	-	-	-	-	-	-	2,416,755	
Market Vehicles / Cars	Paul Coates	19,000	18,952	18,952	-	-	-	-	32,000	-	-	-	-	-	-	-	50,952	
Vans - Small	Paul Coates	22,000	21,473	21,473	-	-	15,000	-	32,000	-	-	-	-	-	-	-	68,473	
Vans - Medium	Paul Coates	28,000	48,588	48,588	145,000	210,000	80,000	50,000	34,000	-	-	-	-	-	-	-	567,588	
Vans - Pickup	Paul Coates	19,000	19,215	19,215	25,000	-	-	-	100,000	-	-	-	-	-	-	-	144,215	
Vans - Box / Lorry	Paul Coates	-	-	-	40,000	40,000	130,000	-	-	-	-	-	-	-	-	-	210,000	
Sweepers	Paul Coates	-	-	-	250,000	50,000	-	130,000	130,000	-	-	-	-	-	-	-	560,000	
Digger / Misc Plant	Paul Coates	341,000	144,880	215,000	-	80,000	-	-	-	-	-	-	-	-	-	-	295,000	
Mowing Machines	Paul Coates	47,000	47,210	47,210	-	70,000	70,000	10,000	50,000	-	-	-	-	-	-	-	247,210	
Council Offices Extnsn car park c/ville, Resurfacing	Paul Coates	-	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	
South Street Car park, Ashby - Resurfacing	Paul Coates	-	-	762	-	-	-	-	-	-	-	-	-	-	-	-	762	
Access Road, High Street Car Park - Measham - Resurfacing	Paul Coates	25,000	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	25,000	
High Street Car Park Measham - resurfacing	Paul Coates	-	-	-	-	-	-	-	27,500	-	-	-	-	-	-	-	27,500	
Hermitage Rec Grounds AWP Area Access, Whitwick - resurfacing	Paul Coates	11,500	7,653	11,500	-	-	-	-	-	-	-	-	-	-	-	-	11,500	
Hermitage Leisure Centre Car Park - Resurfacing (section of).	Paul Coates	-	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	15,000	
Hermitage Recreation Grounds, Whitwick, All Weather Play Area Car Park	Paul Coates	-	-	-	7,500	-	-	-	-	-	-	-	-	-	-	-	7,500	
Belvoir Shopping Centre, Main Service Road, Coalville - Maintenance.	Paul Coates	-	-	12,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000	
Silver Street Car Park, Whitwick - Resurfacing.	Paul Coates	-	35,677	44,675	-	-	-	-	-	-	-	-	-	-	-	-	44,675	
Hood Park Leisure Centre Car Park, Ashby - Resurfacing (section of).	Paul Coates	15,000	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	
North Service Road Car Park, Coalville - Maintenance & Improvements.	Paul Coates	32,250	-	32,250	-	-	-	-	-	-	-	-	-	-	-	-	32,250	
Bridge Road Car Park, Coalville - Resurface main through route.	Paul Coates	-	-	-	-	21,500	-	-	-	-	-	-	-	-	-	-	21,500	
Access Road, High Street Car Park - Ibstock - Resurfacing	Paul Coates	-	-	-	-	-	45,000	-	-	-	-	-	-	-	-	-	45,000	
Swannington Depot - Demolition	Paul Coates	-	-	-	35,000	-	-	-	-	-	-	-	-	-	-	-	35,000	
Coalville Market Upgrade -Phase 2	John Richardson	-	1,568	35,966	-	-	-	-	-	-	-	35,966	-	-	-	-	-	
Market Hall Wall	John Richardson	-	-	24,650	-	-	-	-	-	-	-	-	-	-	-	-	24,650	
Car Parking Meters	John Richardson	-	-	-	140,000	-	-	-	-	-	-	140,000	-	-	-	-	-	
Coalville Park - Reconfigure depot, replace building	Jason Knight	95,000	-	95,000	-	-	-	-	-	-	-	-	-	-	-	-	95,000	
Replace Hood Park LC outdoor learner pool boiler and pipework	Jason Knight	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000	
Replace Hood Park LC gym air con	Jason Knight	15,000	10,485	15,000	-	-	-	-	-	-	-	-	-	-	-	-	15,000	
Regrout Hermitage LC swimming pool tiles	Jason Knight	-	-	-	-	-	-	-	23,000	-	-	-	-	-	-	-	23,000	
Replace hot water system pipework, heat emitters & cold water storage tank at Hermitage LC	Jason Knight	-	-	-	-	18,000	-	-	-	-	-	-	-	-	-	-	18,000	
New Sportshall floor at Hermitage LC	Jason Knight	-	-	-	-	-	16,000	-	-	-	-	-	-	-	-	-	16,000	
Replace suspended ceiling in Hermitage LC main pool hall	Jason Knight	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	30,000	
Replacement of outdoor pool filter media at Hood Park LC	Jason Knight	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000	
Replace Hermitage LC gym Air Con	Jason Knight	-	-	-	-	14,000	-	-	-	-	-	-	-	-	-	-	14,000	
Wellbeing Centre at Hood Park LC	Jason Knight	400,000	1,140	399,250	-	-	-	-	-	399,250	-	-	-	-	-	-	-	
Acquisition of Land at Ashby Health Centre - car park	John Richardson	-	255,379	620,000	330,000	-	-	-	-	-	80,000	720,000	-	-	-	-	150,000	
Refurbishment of Moira Furnace Toilet Unit	Wendy May	-	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	
Replace General Ductwork, ventilation & all fire dampers at Hood Park LC	Jason Knight	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-	-	20,000	
Replace Flat roof cover over plant room at Hermitage LC	Jason Knight	-	-	-	-	-	-	-	13,110	-	-	-	-	-	-	-	13,110	
Replace control systems in alignment with plant installations at Hermitage LC	Jason Knight	-	-	-	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	
Replace Squash Court Lighting at Hermitage LC	Jason Knight	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000	
Replace Leisure Centre ICT Servers	Jason Knight	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	15,000	
Regrout Hood Park LC main and Learner swimming Pool tiles	Jason Knight	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	30,000	
HPLC Sports Hall & Offices Roof	Jason Knight	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000	
Replace HLC Sportshall Fan Convectors and Pipework	Jason Knight	-	-	-	-	-	-	-	12,000	-	-	-	-	-	-	-	12,000	
Replace HLC Swimming Pool dosing System	Jason Knight	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000	
TOTAL GENERAL FUND		2,798,510	1,403,797	2,991,215	3,070,921	1,774,200	1,056,700	835,610	643,000	399,250	1,872,390	169,955	1,527,334	-	796,280	150,000	5,456,437	

SCHEME	BUDGET HOLDER	2016/17 ORIGINAL BUDGET		2016/17 Actual at Period 6	2016/17 Inc c/f & slippage	2017/18	2018/19	2019/20	2020/21	2021/22	GRANTS/ S106 CONTRIB	DF GRANTS	VFM Reserve	OTHER RESERVES	RESERVES ASSET PROT FUND	REVENUE	CAPITAL RECEIPTS	LEASING OR BORROWING	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
COALVILLE SPECIAL EXPENSES																			
Cropston Drive BMX Track	Jason Knight	-	-	7,500	-	-	-	-	-	-					7,500				
Thringstone Miners Social Centre	Jason Knight	-	-	2,821	-	-	-	-	-	-					2,821				
Urban Forest Park-Footway and drainage improvements	Jason Knight	-	-	7,073	-	-	-	-	-	-	7,073								
Owen Street -Floodlights	Jason Knight	-	-	779	-	-	-	-	-	-					779				
Owen Street - Changing Rooms	Jason Knight	-	45,656	60,471	-	-	-	-	-	-					60,471				
Green Gym at Playhub, Melrose Road	Jason Knight	-	-	12,000	-	-	-	-	-	-			12,000						
Owen Street - Tarmac Rec Ground Entrance Driveway	Jason Knight	-	-	-	-	16,000	-	-	-	-			16,000						
TOTAL SPECIAL EXPENSES		-	45,656	90,644	-	16,000	-	-	-	-	7,073	-	-	28,000	71,571	-	-	-	-

	2016/17 APPROVED BUDGET	2016/17 @ p9 forecast outturn	2017/18	2018/19	2019/20	2020/21	2021/22
2017 - 2022 Decent Homes							
Decent Homes Programme	2,097,000	2,709,000	1,211,840	2,018,898	984,764	1,716,735	2,128,668
Capital Works - Voids	246,500	246,500	232,000	217,500	203,000	188,500	188,500
Capital Works - Other	603,500	603,500	568,000	532,500	497,000	461,500	461,500
2017 - 2022 Decent Homes Total	2,947,000	3,559,000	2,011,840	2,768,898	1,684,764	2,366,735	2,778,668
2017 - 2022 Other Planned Investment							
Non Decency Improvements	1,028,124	1,028,124	1,170,914	1,170,914	1,170,914	1,170,914	1,170,914
Hard Wired Smoke Detectors	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Fire Risk Assessment Remedial Works	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Remedial Works (Damp & Structural)	187,500	187,500	187,500	187,500	187,500	187,500	187,500
Fuel swaps (solid fuel to gas supply)	25,000	25,000	25,000	25,000	25,000	25,000	25,000
2017 - 2022 Other Planned Investment Total	1,327,624	1,327,624	1,470,414	1,470,414	1,470,414	1,470,414	1,470,414
New Build / Affordable Housing Programme							
New Build Programme - use of RTB one for one reserve	497,000	197,400	133,383	93,628			
New Build Programme - NWLDC contribution to RTB one for one	386,000	460,600	4,118,617	626,372			
New Build Programme - NWLDC additional provision							
Acquisition of sites							
Development Site Preparations	-	-	-	-	-	-	-
New Build / Affordable Housing Programme Total	883,000	658,000	4,252,000	720,000	-	-	-
Other Schemes / Miscellaneous							
Off Street Parking	100,000	200,000	150,000	-	-		
Major Aids & Adaptations	350,000	350,000	300,000	275,000	250,000	250,000	200,000
Energy Insulation Works	-	250,000	-	-	-		
Renewable/Replacement Energy Installations Programme	250,000	250,000	250,000	250,000	250,000		
Speech Module	50,000	-	50,000	50,000	50,000		
Capital Programme Delivery Costs	530,160	530,160	430,909	440,389	450,077	459,979	470,099
Unallocated/Contingency	340,000	340,000	236,501	276,716	185,259	204,357	222,454
Disposal of High Value Assets	500,000		1,000,000	500,000	500,000	500,000	500,000
Other Schemes / Miscellaneous Total	2,120,160	1,920,160	2,417,410	1,792,104	1,685,336	1,414,337	1,392,553
Capital Allowances							
Programme to be defined							
Capital Allowances Total	-	-	-	-	-	-	-
Total Programme Costs	7,277,784	7,464,784	10,151,664	6,751,416	4,840,514	5,251,486	5,641,635

2017/18 - 2021/22 HOUSING CAPITAL PROGRAMME FUNDING

	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Usable balances held	644,000	2,431,000	2,363,216	-	0	0	0
Retained Right to Buy Receipts (RTB)	238,000	281,000	240,655	240,655	240,655	240,655	240,655
RTB receipts - attributable debt	659,000	1,920,000	688,841	656,695	600,695	600,695	600,695
RTB one for one reserve	497,000	701,000	133,383	93,628	49,954	49,954	49,954
RCCO	-	-	2,986,375	1,831,289	96,331	433,942	845,085
Major Repairs Allowance/Depreciation	4,984,000	3,995,000	3,139,194	3,229,150	3,202,880	3,176,240	3,155,247
Asset Disposals (Capital Allowance)	900,000	500,000	600,000	700,000	650,000	750,000	750,000
Total Funding	7,922,000	9,828,000	10,151,664	6,751,416	4,840,514	5,251,485	5,641,635
Cumulative Over / (Under Resource)	644,216	2,363,216	-	0	0	0	0

EXTRACT of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 11 JANUARY 2017

Present: Councillor M Specht (Chairman)

Councillors N Clarke, J Cotterill, J Geary, D Harrison, G Hault, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson and S Sheahan

Officers: Mr S Bambrick, Mr C Brown, Mr P Collett, Mr A Hunkin, Mr G Jones, Outama, Mr P Padaniya, Mr J Richardson and Mrs R Wallace

Guests: Mr M Beckett (SLC Rail), Inspector H Bhakta (Leicestershire Constabulary), Mr B Hlland (SLC Rail) and Ms K Smith (SLC Rail)

22. DRAFT GENERAL FUND REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2017/18

The Financial Planning Manager presented appendix one of the report and updated Members that since the proposals were considered by Cabinet in December the Local Government Financial Settlement had been announced. The two key elements in relation to the announcement was that the four year settlement that was offered last year had been confirmed and the changes to the New Homes Bonus Payments meant that the Council would benefit in the short term.

In response to questions from Councillor N Clarke, the Financial Planning Manager stated the following:

- The one off cost increases in the waste service was due to the County Council's withdrawal of recycling payments from 1 April 2018; a temporary round consisting of extra staff was required.
- The additional funds for information management had made a noticeable difference as more information was now available online for people to view instead of submitting Freedom of Information Requests which was a lengthy and costly process. Some processes had also been streamlined so that information was only input once which would save money in the long term.
- The surplus was less than originally forecasted in the Medium Term Financial Strategy due to key factors such as delays in some areas of business rate income, employment costs and some income not as much as predicted. He added that the change in New Homes Bonus meant that the figure would now be slightly higher.

Councillor N Clarke commented that he was pleased that the Council Tax Support Benefit would remain at the same level as it helped many people within his Ward. Councillor N J Rushton commented that it was a tough decision but he felt it was a good one for the level to remain the same.

In response to a question relating to the additional costs as a result of staffing numbers from Councillor D Harrison, the Interim Director of Resources explained the importance of maintaining adequate staffing levels and in general there would not be a lot of growth in budgets or levels of staff. He added that any major changes would need to be investigated seriously before being implemented.

The Financial Planning Manager presented appendix two of the report.

In response to questions from Councillor N Clarke, the Financial Planning Manager stated that although reducing the number of refuse vehicles may have been mentioned in the past due to lower levels of recycling, this was not included in the proposals. Councillor N J Rushton added that recycling still needed to be collected even if the levels were lower. Also there had been an increase in households in the District and therefore the vehicles were required.

The Director of Housing presented the HRA Capital Programme section of the report to Members.

Councillor M Specht was pleased with the building of new council homes.

Councillor N J Rushton commented that he was very proud that new council homes were being built for the first time in 30 years.

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

RESOLVED THAT:

The comments made by the committee be considered by Cabinet at its meeting on 7 February before making its recommendations to Council.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 7 FEBRUARY 2017

Title of report	THE TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18 AND PRUDENTIAL INDICATORS 2017/18 TO 2019/20
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager and Deputy S151 Officer 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p>
Purpose of report	<p>This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's prudential indicators for 2017/18 to 2019/20. It fulfils key requirements of the Local Government Act 2003:</p> <ul style="list-style-type: none"> • The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services ; • The Annual Investment Strategy in accordance with the DCLG Investment Guidance; • The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. • The Policy for the Annual Minimum Revenue Provision.
Reason for Decision	These are statutory requirements.
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT	<p>Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority.</p> <p>Could impact upon all CAT's.</p>

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.
Background papers	Treasury Management Strategy Statement 2016/17 and Prudential Indicators 2016/17 to 2018/19 – Cabinet 9 February 2016 Housing Revenue Account (HRA) Business Plan – Cabinet 13 March 2012 Capital Programmes – General Fund, Coalville Special Expenses and Housing Revenue Account (HRA). Projected Outturn 2016/17 and Programmes 2017/18 to 2021/22 – Cabinet 7 February 2017
Recommendations	RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18, PRUDENTIAL INDICATORS -REVISED 2016/17 AND 2017/18 TO 2019/20, AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT, FOR APPROVAL BY FULL COUNCIL

1.0 INTRODUCTION

- 1.1 In February 2016, the Authority re-adopted the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy (TMSS) before the start of each financial year.
- 1.2 In addition, the Department for Communities and Local Government (DCLG) issued revised 'Guidance on Local Authority Investments' in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

- 1.3 In accordance with the 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.
- 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 fulfils 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 £2,764,129 in 2017/18.
- f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £120,000 in 2017/18 (General Fund - £76,000, HRA - £44,000).
- g. Treasury Management and Prudential Indicators for 2017/18 to 2019/20. These are designed to monitor borrowing limits, debt levels and investment returns.
- h. Annual Minimum Revenue Provision Statement for 2017/18. General Fund MRP is estimated at £559,730.

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 2016/17 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 2017/18.

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 2017/18

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

- The Borrowing Strategy 2017/18 (APPENDIX A)
- The Debt Rescheduling Strategy 2017/18 (APPENDIX B)
- The Annual Investment Strategy 2017/18 (APPENDIX C)
- The Apportionment of Interest Strategy 2017/18 (APPENDIX D)
- The Treasury Management and Prudential Indicators 2017/18 to 2019/20 (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 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets have been impacted by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.
- The fall and continuing weakness in Sterling and the increases in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017 but is expected to look through inflation overshoots when setting interest rates to avoid further impact on the economy.
- Internationally, the US economy and its labour market has shown steady improvement whilst the Eurozone has continued to struggle with very low inflation and lack of momentum in growth and the European Central Bank has left the door open for further Quantitative easing.
- Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future 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 the USA, while Australia and Canada are progressing with their own plans. 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 continue to fall.
- Interest rate forecast: The Authority's treasury advisor Arlingclose's central case is for the UK bank rate to remain at 0.25% during 2017/18. The Bank of England has however highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the bank rate look less likely. However, although a negative bank rate is a low probability, it cannot be entirely ruled out in the medium term.
- Gilt yields have risen sharply but remain at low levels. Arlingclose's central case is for yields to decline when the government triggers Article 50. Long term

economic fundamentals remain weak and the Quantitative Easing (QE) stimulus, provided by central banks globally, has only delayed the fall-out from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a possibility to keep long-term interest rates low.

2.3 Outlook for UK Interest Rates:

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

March 2017	June 2017	Sept. 2017	Dec. 2017	March 2018	June 2018	Sept. 2018	Dec. 2018	March 2019
0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

The Authority's treasury advisor has forecast the Bank Rate to remain at 0.25% but there is a low possibility of a drop to 0.0%.

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 2017/18.

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 THE AUTHORITY'S CURRENT BALANCE SHEET AND TREASURY POSITION

4.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and 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:

	31.03.16 Actual £m	31.03.17 Estimate £m	31.03.18 Forecast £m	31.03.19 Forecast £m	31.03.20 Forecast £m
General Fund CFR	14.0	14.6	15.5	15.9	15.7
HRA CFR	76.1	75.1	74.0	72.9	71.8
Total CFR	90.1	89.7	89.5	88.8	87.5
Less: External Borrowing	(84.5)	(83.4)	(82.3)	(81.2)	(80.1)
Internal Borrowing	5.6	6.3	7.2	7.6	7.4
Less: Usable Reserves	(25.0)	(21.3)	(23.2)	(22.6)	(22.3)
Less: Working Capital	4.9	(1.0)	(1.0)	(1.0)	(1.0)
Investments (or New Borrowing)	14.5	16.0	17.0	16.0	15.9

- 4.2 The Authority has an increasing General Fund CFR due to the use of borrowing to fund the Capital Programme.
- 4.3 Capital schemes that comply with the Council's priorities, may be presented to Members and agreed in year such as for example Leisure. Should this occur and have a significant impact on the tables and Indicators in this report, the Treasury Management Strategy Statement will be revised and re-presented to the Council.
- 4.4 The Authority's level of physical debt and investments is linked to these components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Authority's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Authority's current strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).

The following table shows the Investment and debt portfolio position:

	Portfolio as at 31 March 2016 £m	Portfolio as at 21 Dec 2016 £m	Average Rate as at 21 Dec 2016 %
External Borrowing:			
PWLB	76.042	75.518	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>84.482</i>	<i>83.958</i>	
Other Long Term Liabilities	0.119	0.119	2.880%
TOTAL GROSS EXTERNAL DEBT	84.601	84.077	
Investments:			
Short Term - Managed in-house	21.101	22.745	0.412%
Long Term - Managed in-house	9.500	12.000	1.180%
Fund Managers–Managed Externally	0.000	0.000	
Pooled Funds-Managed Externally	1.300	12.400	0.249%
<i>Total Investments</i>	<i>31.901</i>	<i>47.145</i>	
NET DEBT	52.700	36.932	

- 4.5 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.

BORROWING STRATEGY 2017/18

At the 31 March 2017, the Authority will hold loans totalling £83.4m (£75.0m HRA and £8.4m General Fund). This is a decrease of £1.1m on the previous year (£76.1m HRA and £8.4m General Fund) and is part of the Authority's strategy for funding previous years' Capital Programmes and for the self-financing of the HRA, which was presented to Cabinet on 17 January 2012 in the "Housing Revenue Account (HRA) Business Plan".

The balance sheet forecast in paragraph 4.1 shows that the authority does not expect to need to borrow in 2017/18.

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 2017/18 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 2017/18, 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 £83.4m, 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 2017/18 and although the Authority understands that the lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the opportunity to repay LOBO loans at no cost if it has the opportunity to do so.

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

DEBT RESCHEDULING STRATEGY 2017/18

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 2017/18

The Authority holds invested funds which represent income received in advance of expenditure plus balances and reserves held as reflected in the balance sheet forecast in paragraph 4.1. Similar levels are expected to be maintained in 2017/18.

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 2017/18, 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 falling returns from short-term unsecured bank investments, the Authority aims to continue to invest in more secure asset classes during 2017/18. 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. This strategy represents a continuation of the strategies adopted since 2014/15.

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. The Head of Finance, having consulted the Corporate Portfolio Holder, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.

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

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	£1.5m 5 years	£5m 20 years	£5m 50 years	£1.5m 20 years	£3m 20 years
AA+	£1.5m 5 years	£5m 10 years	£5m 25 years	£1.5m 10 years	£3m 10 years
AA	£1.5m 4 years	£5m 5 years	£5m 15 years	£1.5m 5 years	£3m 10 years
AA-	£1.5m 3 years	£5m 4 years	£5m 10 years	£1.5m 4 years	£3m 10 years
A+	£1.5m 2 years	£5m 3 years	£5m 5 years	£1.5m 3 years	£3m 5 years
A	£1.5m 13 months	£5m 2 years	£5m 5 years	£1.5m 2 years	£3m 5 years
A-	£1.5m 6 months	£5m 13 months	£5m 5 years	£1.5m 13 months	£3m 5 years
BBB+	£1m 100 days	£3m 6 months	£5m 2 years	£1.5m 6 months	£1.5m 2 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.

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:

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country
Registered Providers	£5m in total
Unsecured Investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£20m in total
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.

APPORTIONMENT OF INTEREST STRATEGY 2017/18

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 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 2017/18, the budgeted investment income is £120,000 and is apportioned as follows: £76,000 General Fund and £44,000 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year.

PRUDENTIAL INDICATORS

1 Background

The Local Government Act 2003 requires the Authority to have regard to 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 7 February 2017.

Capital Expenditure	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Non-HRA	2.799	3.082	3.071	1.790	1.057
HRA	7.278	7.465	10.152	6.752	4.841
Total	10.077	10.547	13.223	8.542	5.898

Capital expenditure will be financed or funded as follows:

Capital Financing	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital receipts	1.797	2.701	1.679	1.597	1.491
Government Grants	0.298	0.298	0.525	0.525	0.525
Major Repairs Allowance	4.984	3.995	3.139	3.229	3.203
Reserves	0.780	1.615	3.332	0.210	0.050
Other Contribution-S106	0.400	0.406	0.000	0.000	0.000
Grants - Other	0.000	0.000	0.000	0.000	0.000
Revenue contributions	0.136	0.389	3.123	1.967	0.233
Total Financing	8.395	9.404	11.798	7.528	5.502
Supported borrowing	0.000	0.000	0.000	0.000	0.000
Unsupported borrowing	1.682	1.143	1.425	1.014	0.396
Total Funding	1.682	1.143	1.425	1.014	0.396
Total Financing and Funding	10.077	10.547	13.223	8.542	5.898

3. Capital Financing Requirement

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

Capital Financing Requirement	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Non-HRA	13.991	14.599	15.465	15.884	15.669
HRA	76.127	75.072	73.993	72.890	71.762
Total CFR	90.118	89.671	89.458	88.774	87.431

The General Fund CFR is forecast to rise over the next two years. This is in line with the Capital programme schemes that are financed by debt. The detail of these schemes can be seen in more detail in the capital report presented to Cabinet on 7 February 2017.

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 March	2016 Actual £m	2017 Estimate £m	2018 Estimate £m	2019 Estimate £m	2020 Estimate £m
Borrowing	84.482	83.427	82.348	81.245	80.117
Finance Leases	0.000	0.000	0.000	0.000	0.000
Transferred Debt	0.118	0.111	0.104	0.097	0.090
Total Debt	84.600	83.538	82.452	81.342	80.207

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	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	94.579	93.370	93.462	92.391	90.455
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500
Total	95.079	93.870	93.962	92.891	90.955

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

Authorised Limit for External Debt	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	96.579	95.370	95.462	94.391	92.455
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
Total	97.279	96.070	96.162	95.091	93.155

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.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Approved %	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
Non-HRA	8.33	8.07	8.17	8.23	8.12
HRA	12.78	12.67	12.74	12.73	12.71
Total (Average)	11.06	10.92	10.94	10.91	10.82

7. Incremental Impact of Capital Investment Decisions

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

Incremental Impact of Capital Investment Decisions	2016/17 Approved £	2016/17 Revised £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Increase in Band D Council Tax	2.31	2.28	2.66	3.08	3.32
Increase/(Decrease) in Average Weekly Housing Rents *	(0.83)	(0.83)	(0.83)	(0.82)	(0.81)

* Government Policy requires an actual decrease in Housing Rents of 1% per year for four years from 2016/17 to 2019/20. This is reflected in the estimates 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 31/03/16 %	2016/17 Approved %	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 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.

Maturity structure of fixed rate borrowing	Lower Limit for 2017/18 %	Upper Limit for 2017/18 %
under 12 months	0	50
12 months and within 24 months	0	40
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 years and within 20 years	0	50
20 years and within 30 years	0	70
30 years and within 40 years	0	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.

	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Upper Limit	12	12	12	12	11

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 2017/18, 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 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 2017/18:

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 March 2017, the 2017/18 budget for General Fund MRP is £559,730. The HRA Subsidy Reform payment for 2017/18 is £1,078,920.

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BUDGET AND COUNCIL TAX 2017/18 - APPENDIX 5

TABLE 1

COUNCIL TAX BASE 2017/2018

PARISH / SPECIAL EXPENSE AREA	COUNCIL TAX BASE
APPLEBY MAGNA	438
ASHBY DE LA ZOUCH	5,111
ASHBY WOULDLS	1,175
BARDON	9
BELTON	294
BREEDON-ON-THE-HILL	416
CASTLE DONINGTON	2,388
CHARLEY	78
CHILCOTE	53
COALVILLE	5,966
COLEORTON	553
ELLISTOWN & BATTLEFLAT	788
HEATHER	324
HUGGLESCOTE & DONINGTON LE HEATH	1,283
IBSTOCK	2,135
ISLEY WALTON-CUM-LANGLEY	28
KEGWORTH	1,215
LOCKINGTON CUM HEMINGTON	237
LONG WHATTON and DISEWORTH	739
MEASHAM	1,577
NORMANTON-LE-HEATH	64
OAKTHORPE, DONISTHORPE and ACRESFORD	809
OSGATHORPE	186
PACKINGTON	349
RAVENSTONE	863
SNARESTONE	129
STAUNTON HAROLD	61
STRETTON-EN-LE-FIELD	20
SWANNINGTON	461
SWEPSTONE	260
WHITWICK	2,684
WORTHINGTON	569
TOTAL	31,262

COUNCIL TAX 2017/2018 - DISTRICT EXPENSES AND SPECIAL ITEMS**BAND 'D' EQUIVALENTS**

PARISH	DISTRICT	PARISH	SPECIAL	TOTAL
	EXP'S	EXP'S	EXP'S	BAND D
	£ p	£ p	£ p	PROPERTY
				£ p
APPLEBY MAGNA	158.58	36.67	3.50	198.75
ASHBY DE LA ZOUCH	158.58	77.85	-	236.43
ASHBY WOULD'S	158.58	81.56	-	240.14
BARDON	158.58	-	-	158.58
BELTON	158.58	69.23	-	227.81
BREEDON-ON-THE-HILL	158.58	50.48	-	209.06
CASTLE DONINGTON	158.58	124.30	-	282.88
CHARLEY	158.58	50.24	-	208.82
CHILCOTE	158.58	-	-	158.58
COALVILLE	158.58	-	63.53	222.11
COLEORTON	158.58	25.95	5.31	189.84
ELLISTOWN & BATTLEFLAT	158.58	75.82	-	234.40
HEATHER	158.58	35.33	-	193.91
HUGGLESCOTE & DONINGTON LE HEATH	158.58	68.13	18.00	244.71
IBSTOCK	158.58	93.14	-	251.72
ISLEY WALTON-CUM-LANGLEY	158.58	13.64	-	172.22
KEGWORTH	158.58	84.74	-	243.32
LOCKINGTON CUM HEMINGTON	158.58	37.97	7.10	203.65
LONG WHATTON and DISEWORTH	158.58	51.42	-	210.00
MEASHAM	158.58	65.79	1.08	225.45
NORMANTON-LE-HEATH	158.58	-	-	158.58
OAKTHORPE, DONISTHORPE and ACRESFORD	158.58	56.85	4.22	219.65
OSGATHORPE	158.58	20.29	1.78	180.65
PACKINGTON	158.58	56.27	-	214.85
RAVENSTONE	158.58	58.13	0.41	217.12
SNARESTONE	158.58	47.88	-	206.46
STAUNTON HAROLD	158.58	3.23	-	161.81
STRETTON-EN-LE-FIELD	158.58	-	57.05	215.63
SWANNINGTON	158.58	41.57	-	200.15
SWEPSTONE	158.58	67.31	-	225.89
WHITWICK	158.58	72.17	7.50	238.25
WORTHINGTON	158.58	15.82	-	174.40

COUNCIL TAX 2017/2018 (DISTRICT, PARISH AND SPECIAL ITEMS) BY AREA AND VALUATION BAND

PARISH / AREA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
APPLEBY MAGNA	132.50	154.58	176.67	198.75	242.92	287.08	331.25	397.50
ASHBY DE LA ZOUCH	157.62	183.89	210.16	236.43	288.97	341.51	394.05	472.86
ASHBY WOULD'S	160.09	186.78	213.46	240.14	293.50	346.87	400.23	480.28
BARDON	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
BELTON	151.87	177.19	202.50	227.81	278.43	329.06	379.68	455.62
BREEDON-ON-THE-HILL	139.37	162.60	185.83	209.06	255.52	301.98	348.43	418.12
CASTLE DONINGTON	188.59	220.02	251.45	282.88	345.74	408.60	471.47	565.76
CHARLEY	139.21	162.42	185.62	208.82	255.22	301.63	348.03	417.64
CHILCOTE	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
COALVILLE	148.07	172.75	197.43	222.11	271.47	320.83	370.18	444.22
COLEORTON	126.56	147.65	168.75	189.84	232.03	274.21	316.40	379.68
ELLISTOWN & BATTLEFLAT	156.27	182.31	208.36	234.40	286.49	338.58	390.67	468.80
HEATHER	129.27	150.82	172.36	193.91	237.00	280.09	323.18	387.82
HUGGLESCOTE & DONINGTON LE HEATH	163.14	190.33	217.52	244.71	299.09	353.47	407.85	489.42
IBSTOCK	167.81	195.78	223.75	251.72	307.66	363.60	419.53	503.44
ISLEY WALTON-CUM-LANGLEY	114.81	133.95	153.08	172.22	210.49	248.76	287.03	344.44
KEGWORTH	162.21	189.25	216.28	243.32	297.39	351.46	405.53	486.64
LOCKINGTON CUM HEMINGTON	135.77	158.39	181.02	203.65	248.91	294.16	339.42	407.30
LONG WHATTON and DISEWORTH	140.00	163.33	186.67	210.00	256.67	303.33	350.00	420.00
MEASHAM	150.30	175.35	200.40	225.45	275.55	325.65	375.75	450.90
NORMANTON-LE-HEATH	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
OAKTHORPE, DONISTHORPE and ACRESFORD	146.43	170.84	195.24	219.65	268.46	317.27	366.08	439.30
OSGATHORPE	120.43	140.51	160.58	180.65	220.79	260.94	301.08	361.30
PACKINGTON	143.23	167.11	190.98	214.85	262.59	310.34	358.08	429.70
RAVENSTONE	144.75	168.87	193.00	217.12	265.37	313.62	361.87	434.24
SNARESTONE	137.64	160.58	183.52	206.46	252.34	298.22	344.10	412.92
STAUNTON HAROLD	107.87	125.85	143.83	161.81	197.77	233.73	269.68	323.62
STRETTON-EN-LE-FIELD	143.75	167.71	191.67	215.63	263.55	311.47	359.38	431.26
SWANNINGTON	133.43	155.67	177.91	200.15	244.63	289.11	333.58	400.30
SWEPSTONE	150.59	175.69	200.79	225.89	276.09	326.29	376.48	451.78
WHITWICK	158.83	185.31	211.78	238.25	291.19	344.14	397.08	476.50
WORTHINGTON	116.27	135.64	155.02	174.40	213.16	251.91	290.67	348.80

COUNCIL TAX 2017/2018 (PCC, LFRS, LCC) BY AREA AND VALUATION BAND

MAJOR PRECEPTOR	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
LEICESTERSHIRE COUNTY COUNCIL	781.59	911.85	1,042.12	1,172.38	1,432.91	1,693.44	1,953.97	2,344.76
LEICESTERSHIRE POLICE AND CRIME COMMISSIONER	124.82	145.62	166.43	187.23	228.84	270.44	312.05	374.46
COMBINED FIRE AUTHORITY	41.89	48.88	55.86	62.84	76.80	90.77	104.73	125.68

TOTAL COUNCIL TAX 2017/2018 BY AREA AND VALUATION BAND

PARISH / AREA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
APPLEBY MAGNA	1,080.80	1,260.93	1,441.08	1,621.20	1,981.47	2,341.73	2,702.00	3,242.40
ASHBY DE LA ZOUCH	1,105.92	1,290.24	1,474.57	1,658.88	2,027.52	2,396.16	2,764.80	3,317.76
ASHBY WOULD'S	1,108.39	1,293.13	1,477.87	1,662.59	2,032.05	2,401.52	2,770.98	3,325.18
BARDON	1,054.02	1,229.69	1,405.37	1,581.03	1,932.37	2,283.71	2,635.05	3,162.06
BELTON	1,100.17	1,283.54	1,466.91	1,650.26	2,016.98	2,383.71	2,750.43	3,300.52
BREEDON-ON-THE-HILL	1,087.67	1,268.95	1,450.24	1,631.51	1,994.07	2,356.63	2,719.18	3,263.02
CASTLE DONINGTON	1,136.89	1,326.37	1,515.86	1,705.33	2,084.29	2,463.25	2,842.22	3,410.66
CHARLEY	1,087.51	1,268.77	1,450.03	1,631.27	1,993.77	2,356.28	2,718.78	3,262.54
CHILCOTE	1,054.02	1,229.69	1,405.37	1,581.03	1,932.37	2,283.71	2,635.05	3,162.06
COALVILLE	1,096.37	1,279.10	1,461.84	1,644.56	2,010.02	2,375.48	2,740.93	3,289.12
COLEORTON	1,074.86	1,254.00	1,433.16	1,612.29	1,970.58	2,328.86	2,687.15	3,224.58
ELLISTOWN & BATTLEFLAT	1,104.57	1,288.66	1,472.77	1,656.85	2,025.04	2,393.23	2,761.42	3,313.70
HEATHER	1,077.57	1,257.17	1,436.77	1,616.36	1,975.55	2,334.74	2,693.93	3,232.72
HUGGLESCOTE & DONINGTON LE HEATH	1,111.44	1,296.68	1,481.93	1,667.16	2,037.64	2,408.12	2,778.60	3,334.32
IBSTOCK	1,116.11	1,302.13	1,488.16	1,674.17	2,046.21	2,418.25	2,790.28	3,348.34
ISLEY WALTON-CUM-LANGLEY	1,063.11	1,240.30	1,417.49	1,594.67	1,949.04	2,303.41	2,657.78	3,189.34
KEGWORTH	1,110.51	1,295.60	1,480.69	1,665.77	2,035.94	2,406.11	2,776.28	3,331.54
LOCKINGTON CUM HEMINGTON	1,084.07	1,264.74	1,445.43	1,626.10	1,987.46	2,348.81	2,710.17	3,252.20
LONG WHATTON and DISEWORTH	1,088.30	1,269.68	1,451.08	1,632.45	1,995.22	2,357.98	2,720.75	3,264.90
MEASHAM	1,098.60	1,281.70	1,464.81	1,647.90	2,014.10	2,380.30	2,746.50	3,295.80
NORMANTON-LE-HEATH	1,054.02	1,229.69	1,405.37	1,581.03	1,932.37	2,283.71	2,635.05	3,162.06
OAKTHORPE, DONISTHORPE and ACRESFORD	1,094.73	1,277.19	1,459.65	1,642.10	2,007.01	2,371.92	2,736.83	3,284.20
OSGATHORPE	1,068.73	1,246.86	1,424.99	1,603.10	1,959.34	2,315.59	2,671.83	3,206.20
PACKINGTON	1,091.53	1,273.46	1,455.39	1,637.30	2,001.14	2,364.99	2,728.83	3,274.60
RAVENSTONE	1,093.05	1,275.22	1,457.41	1,639.57	2,003.92	2,368.27	2,732.62	3,279.14
SNARESTONE	1,085.94	1,266.93	1,447.93	1,628.91	1,990.89	2,352.87	2,714.85	3,257.82
STAUNTON HAROLD	1,056.17	1,232.20	1,408.24	1,584.26	1,936.32	2,288.38	2,640.43	3,168.52
STRETTON-EN-LE-FIELD	1,092.05	1,274.06	1,456.08	1,638.08	2,002.10	2,366.12	2,730.13	3,276.16
SWANNINGTON	1,081.73	1,262.02	1,442.32	1,622.60	1,983.18	2,343.76	2,704.33	3,245.20
SWEPSTONE	1,098.89	1,282.04	1,465.20	1,648.34	2,014.64	2,380.94	2,747.23	3,296.68
WHITWICK	1,107.13	1,291.66	1,476.19	1,660.70	2,029.74	2,398.79	2,767.83	3,321.40
WORTHINGTON	1,064.57	1,241.99	1,419.43	1,596.85	1,951.71	2,306.56	2,661.42	3,193.70

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**COUNCIL – THURSDAY, 23 FEBRUARY 2017**

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

Comments of Monitoring Officer	The report is satisfactory.
Consultees	None
Background papers	Local Government and Housing Act, Constitution and the declaration of results of the local elections available at www.nwleicestershire.gov.uk
Recommendations	<p>(1) THAT THE CHANGES TO THE POLITICAL PROPORTIONALITY OF THE COUNCIL BE NOTED;</p> <p>(2) THAT COUNCILLOR R ADAMS BE APPOINTED TO THE LABOUR SEAT LEFT VACANT ON THE APPOINTMENTS COMMITTEE WITH COUNCILLOR J LEGRYS BEING THE SUBSTITUTE;</p> <p>(3) THAT COUNCILLOR S MCKENDRICK BE APPOINTED TO THE SEAT CURRENTLY ALLOCATED TO COUNCILLOR R ADAMS ON THE AUDIT & GOVERNANCE COMMITTEE;</p> <p>(4) THAT COUNCILLOR D EVERITT BE APPOINTED AS REPLACEMENT LABOUR GROUP SUBSTITUTE MEMBER ON THE INVESTIGATORY COMMITTEE AND LOCAL PLAN ADVISORY COMMITTEE;</p> <p>(5) THAT COUNCILLOR S SHEAHAN BE APPOINTED AS REPLACEMENT LABOUR GROUP SUBSTITUTE MEMBER ON THE POLICY DEVELOPMENT GROUP;</p> <p>(6) THAT NO CHANGES BE MADE TO THE MEMBERSHIP OF THE ELECTORAL REVIEW WORKING PARTY, WITH THE EXCEPTION OF COUNCILLOR F FENNING NO LONGER BEING A LABOUR GROUP SUBSTITUTE.</p>

1.0 BACKGROUND

- 1.1 On 10 January 2017, the Council was advised that Councillor Sue McKendrick had resigned from the Labour Group to become an independent Member.
- 1.2 Due to the consequential shift in the political balance of the Council, the proportionality has been recalculated.
- 1.3 The requirements regarding political proportionality in the membership of Committees are embodied in the Local Government and Housing Act 1989, Section 15. It is a statutory requirement that where a relevant authority has a membership divided into different political groups then the decision making bodies on the Council must be proportional to the overall make-up of the Council. The Monitoring Officer has a statutory responsibility for ensuring the council implements proportionality correctly.

1.4 The rules state that:-

- No Committee is allowed to be made up entirely of one political group
- A political group with an overall Council majority gets a majority of the seats
- No political group can have more than they are entitled to
- The proportion of seats on each Committee should be in proportion to strengths on the Council
- When proportionality has been agreed, the group nominates the person to fill the seat.
- Council seat proportionality must incorporate 100% of the members on the Authority irrespective of whether or not they are in a group, non aligned or single party councillors.

1.5 Exceptions to the rules include seats on the Cabinet, area-based Committees or any alternative arrangement that is unanimously passed by all Members on the Council.

1.6 A registered group must be allocated the same proportion of Committee places that they have seats on the Council Groups are unlikely to have the same number on every Committee. If Committees are the same size there has to be some negotiating between the group whips on where the additional places should be.

2.0 IMPLICATIONS

2.1 Recalculating the political balance has resulted in Labour losing two seats. One on the Electoral Review Working Party which will now fall to Councillor McKendrick in her capacity as an independent member. She was a Labour representative on this group so effectively no changes need to be made to the membership. The other is one seat from either the Policy Development Group or the Audit and Governance Committee. Discussion with the Labour Group whip has concluded that their seat on the Audit & Governance Committee, currently held by Councillor Adams will fall to Councillor McKendrick.

Committee/Group	No. Of seats	CON	LAB	IND GROUP	LIB DEM	IND	Total
Planning Committee	17	11	4	1	1	0	17
Licensing Committee	17	11	4	1	1	0	17
Audit and Governance	10	6	2	1	0	1	10
Policy Development/Scrutiny	10	6	3	1	0	0	10
Investigatory Committee	3	2	1	0	0	0	3
Appointments Committee	5	4	1	0	0	0	5
Employee Joint Consultative	6	4	2	0	0	0	6
Local Plan Advisory Committee	7	5	2	0	0	0	7
Electoral Review Working Party	5	3	1	0	0	1	5
TOTAL	80	52	20	4	2	2	80

- 2.2 Further consequential changes are to those Committees on which Councillor McKendrick sat as a Labour Councillor to which Labour still have an entitlement. These seats were also discussed with the whip and the following is proposed:-
- 2.2.1 Member of the Appointments Committee – This seat will be taken up by Councillor R Adams
 - 2.2.2 Substitute Members of the Appointments Committee – This seat will be changed from Councillor S Sheahan to Councillor J Legrys.
 - 2.2.3 Member of the Electoral Review Working Party – No changes required (para 2.0 refers)
 - 2.2.4 Substitute Member of the Investigatory Committee – This seat will be taken up by Councillor D Everitt
 - 2.2.5 Substitute Member of the Local Plan Advisory Committee – This seat will be taken up by Councillor D Everitt
 - 2.2.6 Substitute Member of the Policy Development Group – This seat will be taken up by Councillor S Sheahan
- 2.3 The reduced Labour group membership results in the loss of a substitute member on the Electoral Review Working Party due to a change to the ratios as set out in the substitution scheme. Therefore the substitute position on the Electoral Review Working Party currently held by Councillor F Fenning will cease.
- 2.4 No other Committees are affected.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**COUNCIL – THURSDAY, 23 FEBRUARY 2017**

Title of report	HIGH SPEED RAIL (HS2) PHASE 2: CONSULTATION IN RESPECT OF PROPOSED ROUTE FROM WEST MIDLANDS TO LEEDS - RESPONSE OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
Contacts	<p>Councillor Trevor Pendleton 01509 569746 trevor.pendleton@nwleicestershire.gov.uk</p> <p>Director of Services 01530 454555 steve.bambrick@nwleicestershire.gov.uk</p> <p>Head of Planning and Regeneration 01530 454782 jim.newton@nwleicestershire.gov.uk</p>
Purpose of report	To agree the Council's response to the HS2 proposal and the current consultation in respect of the proposed route for HS2 in the district.
Council priorities	Homes and Communities Business and Jobs
Implications:	
Financial/Staff	In the event of HS2 proceeding it is likely that this will have staffing resource implications on an ongoing basis. These will be managed as far as possible within existing staffing resource but there may be a need for specialist input which will need to be budgeted for.
Link to relevant CAT	None
Risk Management	Failure by the Council to respond to the current consultation would potentially result in local concerns not being considered to the detriment of local communities along the proposed route of HS2.
Equalities Impact Screening	Not applicable
Human Rights	None discernible
Transformational Government	Not applicable

Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None
Background papers	HS2 documentation all available at: https://www.gov.uk/government/organisations/high-speed-two-limited
Recommendations	<p>THAT COUNCIL:</p> <p>(I) AGREES THE HS2 STRATEGY FOR THE DISTRICT APPENDED TO THIS REPORT;</p> <p>(II) AUTHORISES OFFICERS TO NEGOTIATE WITH HS2 LTD TO MAXIMISE THE LOCAL BENEFITS ARISING FROM HS2 INCLUDING IMPROVING CONNECTIVITY FROM THE DISTRICT TO THE HS2 STATIONS;</p> <p>(III) AGREES THE RESPONSE TO THE HS2 CONSULTATION AS APPENDED TO THIS REPORT AND AUTHORISES THE DIRECTOR OF SERVICES TO SUBMIT THE COMMENTS AS THE COUNCIL'S OFFICIAL RESPONSE TO THE HS2 CONSULTATION; AND</p> <p>(IV) SUPPORTS THE COUNCIL'S PROACTIVE ROLE IN SEEKING TO SUPPORT BUSINESSES AND RESIDENTS ACROSS THE DISTRICT WHO MAY BE AFFECTED BY THE HS2 PROPOSALS</p>

1.0 BACKGROUND

- 1.1 At its meeting on 21 January 2014 Council considered the consultation on the proposed route of HS2 and at that time the Council resolved to object to the route on the basis that the district would be significantly impacted without any tangible benefit.
- 1.2 In November 2016, the Government published proposed route changes and commenced a consultation period which expires on 9 March 2017. The purpose of this report is to allow Council to consider its position in light of the proposed route changes and to respond to the Government's consultation.

2.0 CONTEXT

- 2.1 The construction of a new high speed railway through the district will have significant implications, principally while the engineering works are underway. It is considered that the Council has an important role to play, to assist local residents and businesses wherever possible, to make a balanced case in order that opportunities are maximised, and providing relevant and up to date information.
- 2.2 Expert consultants (SLC Rail) have been engaged, to provide know-how, guide the Council and help to narrow down options and priorities. As part of thier engagement,
- Representatives of SLC ran a workshop with colleagues within the Council, to determine the constraints and important features of the District;
 - Representatives of SLC presented to Policy and Development Group on 11 January 2017 and gathered views of members on the proposed route changes
 - Representatives of SLC have been meeting with local communities, parish councils and other groups affected by the route changes;
 - Key external bodies were approached (such as the National Forest Company) to share information about the likely impact on their assets as a result of HS2;
 - A meeting has been held with HS2 officials to gather more information on the consultation; and
 - Materials have been prepared as a result of this work, which are appended to this report.

3.0 PROPOSED STRATEGY

- 3.1 SLC's refreshed work has resulted in a proposed strategy for the District which is appended to this report. In summary, that strategy, which is commended to the Council is to:
- Recognise the economic benefit nationally and locally of delivering HS2 brought about by better connectivity and greater capacity on both rail and road networks;
 - Ensure the Council engage with HS2 Ltd, Highways England, Network Rail and bus operators to optimise local connectivity benefits from HS2;
 - Actively engage with HS2 and other local/regional stakeholders;
 - Respond to the latest consultation document by 9th March 2017;
 - Ensure the Council always presents a balanced position on HS2;
 - Support our residents, particularly those who will need to claim compensation;
 - Engage directly with action groups through one point of contact who is able to liaise with them and act as an advocate for their views, and ensure that these are communicated with HS2 and other stakeholders. That point of contact will be the Council's Head of Planning and Regeneration.
- 3.2 If members agree with this strategy, then this will become the Council's official position on the HS2 project. This will mean the Council moves away from outright opposition to the scheme and instead recognises the benefits that will flow from developing a High Speed rail link connecting some of the country's major cities. However that recognition and general support does not take away from the fact that at places along the route there are clear issues of concern that need to be addressed as part of the more detailed planning for the scheme. In that context, Council is also asked to endorse officers proactively engaging with

HS2 Ltd in order to properly negotiate and seek to secure benefits for the district in accordance with the approved strategy. In particular, members are asked to endorse that a key part of those improvements must be to secure regular, high quality public transport links from the district to the HS2 stations.

4.0 RESPONSE TO CONSULTATION

4.1 Appendix 2 to the HS2 Strategy sets out a proposed response for the Council to the current consultation on the HS2 route changes. This response sets out in some detail the likely level of impact along the route in the district and points out particular areas of concern.

4.2 In summary, the proposed consultation response is:

- To recognise the logic behind the **East Midlands Airport/Kegworth amendment**, as there are clear financial benefits for HS2 Ltd for not constructing a 3km tunnel underneath the airport. The course of the railway will also follow the A42, which is in line with HS2's basic principle of following existing transport corridors where this is feasible. However there is a need to mitigate and compensate for the loss of amenity space and playing fields as a result of losing planning permissions to the west of Kegworth and to take account of new bridges that are needed to ensure the delivery of the Kegworth by-pass is not jeopardised.
- To point out that the Council's clear preferences would have been for either a station at East Midlands Airport (similar to the one at Manchester Airport), or failing that, one alongside the existing station at East Midlands Parkway rather than a station at **Toton interchange**. However, we recognise that HS2 Ltd have made their decision on Toton to place the new station equidistant from Derby, Nottingham and Leicester to give fair access from each of the East Midlands cities. It is therefore now the Council's priority to ensure the best possible connectivity between Toton and the district, and to this end the Council will expect HS2 Ltd to support this aim and to work closely with all local councils to achieve this.
- To point out that the District Council is **unable to agree with the proposed amendment to move the railway east of Measham**. The proposed Council response gives a number of reasons for this disagreement, including noise, wildlife, housing and jobs, heritage, in particular the impact on the St John Moores Foundation and the detrimental impact this route change will have on the villages and towns of Appleby Magna, Appleby Parva, Measham and Packington. The Council response recognises the reasons why HS2 Ltd have proposed such a change, principally to avoid impacting on the Plastic Omnium factory at Measham. However the Council response highlights the significant impacts the proposed re-route will have on the area and asks HS2 Ltd to reconsider this route change in comparison to the other available options around Measham, at least one of which would still avoid the Plastic Omnium factory, and to publish a full impact assessment of all of the route options around Measham.

4.3 Council is therefore asked to endorse this response to the consultation and authorise officers to submit to HS2 Ltd as North West Leicestershire District Council's official response to the HS2 consultation.

5.0 THE COUNCIL'S PROACTIVE ROLE

- 5.1 As well as responding to the current consultation, the proposed strategy for the Council is to offer as much support as possible, whilst taking a balanced view, to residents and businesses in the district that may be affected by the proposed route. To that end, a list of business that are directly affected by the railway has already been compiled. It is intended that the directly affected businesses will be approached by the Council, and offered a package of assistance comprising two key elements:
- 5.2 The first element is to signpost businesses to where they can access compensation and this has already been undertaken by the Council's Business Focus team.
- 5.3 The second element is to assist those businesses that need to relocate, to find alternative land and/or premises. The Council already maintains a register of available business premises and land, and affected businesses will be prioritised. It is proposed to operate a sequential approach to finding new sites for existing businesses. The first priority will be suitable sites within the District, the second priority will be suitable sites within the County of Leicestershire, and the third priority will be within the Travel to Work Area (which is a 60 minute radius).

Public Protection

- 5.4 The Environmental Protection Act 1990 is relevant to noise and vibration that is likely to be experienced during the construction of the railway. This is enforced by the District Council in the normal way, in the usual way following the councils enforcement policy which adopts a staged approach to enforcement.
- 5.5 Once the railway is in operation, the Railways Act 1993 provides a defence for operators against a claim on the basis of nuisance arising from the operation of railway services, provided they are carried out without negligence. The Council does not have powers to investigate claims of negligence, so once operational, the responsibility for the investigation of any complaints would lie with the rail regulator.
- 5.6 Private claims may be brought for compensation as a result of vibration, provided that the value of land or property is reduced as a result. Complainants should obtain their own legal advice
- 5.7 In the light of the limited powers, both in duration and extent, that the Council possesses, it is intended that the Council's focus should be on the acoustic management, such as ensuring that the line has appropriate fencing and bunding, to protect affected receptors as far as possible.

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NW Leics District Council

HS2 Strategy



February 2017

www.slcrail.com



1. Introduction

HS2 is coming.

The District Council have spent some considerable time examining the impact of HS2 upon the area, our residents and local businesses. Since the proposed route changes were published in November 2016, we have reopened our investigations, and we put forward this strategy as a management plan to ensure the best outcomes for our residents, and to offer a measured response to the route amendments.

We have spent time consulting with planning experts, local councillors, action groups and the public about the route changes and have carefully considered the impacts upon our community, businesses and the environment. We are indebted to their views and the work of local action groups, whose contributions have been invaluable in assembling this strategy. It has been some time since the original route was published and the proposed changes have therefore brought HS2 into sharp focus again. Our studies and discussions have led us to the following conclusions:

1. We can see the logic behind the **East Midlands Airport/Kegworth amendment**, as there are clear financial benefits for HS2 Ltd for not constructing a 3km tunnel underneath the airport. The course of the railway will also follow the A42, which is in line with HS2's basic principle of following existing transport corridors where this is feasible. However, there is a need to mitigate and compensate for the loss of amenity space and playing fields as a result of losing planning permissions to the west of Kegworth and to take account of new bridges needed to ensure the delivery of the Kegworth by-pass is not jeopardised.
2. **Siting of Toton interchange** – our clear preferences would have been for either a station at East Midlands Airport (similar to the one at Manchester Airport), or failing that, one alongside the existing station at East Midlands Parkway. However, we recognise that HS2 Ltd have made their decision on Toton to place the new station equidistant from Derby, Nottingham and Leicester to give fair access from each of the East Midlands cities. We also note this is a decision that is supported by the respective transport authorities in those areas. It is now our priority to ensure the best possible connectivity between Toton and the district, and to this end we shall expect HS2 to support this aim and to work closely with local councils to achieve this.
3. **We are unable to support the proposed amendment to move the railway east of Measham**, and we have identified the following significant disadvantages:
 - **Cutting off rural communities:** the proposed route will enclose Measham, Appleby Parva and Appleby Magna, and will also move much closer to Packington than was originally envisaged. One of HS2's design principles elsewhere has been to avoid this sort of enclosure and it is difficult to understand why it has not been applied in this case. Cutting off rural communities will cause a raft of different issues in this area and these are explained in detail below.

- **Engineering:** the revised route now includes many sections of embankment and large viaducts, to accommodate passing the line through an undulating area of countryside. These will greatly increase the visual impact of HS2 in a rural area and create more noise, both during the construction period and afterwards when the service is operating. The amended route also affects many more minor roads and as details of disruption to these are as yet unknown, there is a large amount of disquiet about village-to-village access while the line is being built
- **Noise:** we have received many communications from residents who are anxious about the impact of noise, from construction operations and from passing trains. A significant number (more than 20) affected properties are listed and will not be able to employ noise reduction measures such as double or triple glazing. There are concerns about the effects of construction and train noise upon education, as World Health Organisation recommendations are for sound levels to be less than 35dB. There are detailed notes within this consultation response about the Sir John Moore’s Foundation, one of the few Grade 1 secular heritage buildings in the county.
- **Ecology:** the original route through the Measham industrial estate and next to the A42 was recommended by HS2 to enable the shortest possible traverse of the River Mease Special Area of Conservation. The new route involves a longer, potentially more deleterious crossing over this highly sensitive ecological area. It is therefore a worse option in terms of environmental impact
- **Employment:** the original route would run through the Plastic Omnium factory. A route to avoid the factory is possible and could be explored, or if necessary the Council would proactively work with the company to assist relocation nearby, which could be achieved with the compensation due and gives a period of several years for this to be achieved. However, moving the route east of Measham also has an adverse effect on a number of small businesses and the Champney Springs Spa, which employs 200 people
- **Housing:** the original route affects an unbuilt housing estate. The applicants for this site were fully aware of the proposed HS2 route and the Council has made alternative plans for housing provision in Measham through its Local Plan. Arrangements can therefore be made for housing relocation on an alternative site, but other housing areas will be severely affected by the proposed amendment
- **Heritage:** The proposed re-route will have a significant impact on the Grade 1 listed building St John Moore Foundation School.
- **Road:** A42 realignment can be addressed through appropriate measures, but there are likely to be significant effects on minor roads during the construction period
- **Utilities:** the new route has a direct impact on the Packington water treatment works (WWTW), which would require substantial investment to mitigate, especially given the issues with the River Mease SAC and the fact that the WWTW would either have to be replaced before the railway is built, or would need to remain fully operational while improvement works were carried out to mitigate the impact of the railway.

This strategy document is accompanied at Appendix 1 by the impact assessment matrix.

2. Summary

The construction of HS2 and the introduction of high speed rail services running through the area will be a pivotal time for North West Leicestershire. To this end, the District Council commissioned SLC Rail to identify the risks and opportunities arising with the project, and suggest how we can work with HS2 to achieve the best results for our residents. This strategy document outlines the benefits and impacts of HS2 and also discusses a number of generic issues that we will have to be aware of.

It will be many years before HS2 is up and running in the area, but it is important that we get on board with this as early as possible, so that we can help to minimise the anxiety and disruption to our residents. The original proposal for HS2 through the area indicated that following the construction phase, the impacts of the system would be low, but since the proposed route amendments were issued in November 2016, NWLDC has had to return to this subject to consider the impacts once again. For much of its course through the area, the line will run very close to the M42/A42, except for the proposed diversion to the east of Measham.

We do recognise that the construction phase may cause considerable difficulties for some of our residents, and we want to be able to manage that proactively.

The HS1 project demonstrated that there are important lessons which can be learnt and applied to HS2, and we are going to use these experiences to get the best outcomes for the people of North West Leicestershire. Compensation for those who will be affected financially is the single most important factor, and we will ensure that information is available and that residents are directed towards the advice that they need.

We will ensure that we do our best for our residents and that HS2 brings positive outcomes to the area.

3. Overview of HS2

We are acutely aware that the public have very mixed views about HS2 and opinion polls consistently demonstrate a wide range of views, including that some people have not yet made up their minds whether they think it is a good idea or not. In some areas there is still widespread opposition to the project and we need to be sensitive to this.

The first phase of HS2 will run from London Euston to Birmingham and divide into two arms northeast of Birmingham, as shown in the map. The main East Midlands interchange is likely to be at Toton, and studies are already in progress for improved transport links from Toton to Derby, Nottingham and Leicester

HS2 will transform the UK railway network. All express trains previously running on the West Coast, Midland and East Coast Main Lines will transfer on to the new lines, creating more space on the old, “classic” network. As a result of this, there is likely to be significant restructuring of railway timetables. This will mean that other towns and cities can win out through improved train services, and there are likely to be more stopping services serving smaller towns. This will also include destinations in the district such as East Midlands Airport, which is scheduled to expand over the next decade.

HS2 – Proposed Route



Source: HS2 Limited

HS2 services into the East Midlands are expected to start in 2033, but the company will look at accelerating construction if there is a good case for this.

When HS2 begins operations, it is expected that there will be nine trains per hour running in each direction.

4. Benefits

HS2 will bring a number of major benefits to the district:

- **Better journey times to London and the North of England:** Projections show that there may be time savings from District towns like Coalville and Ashby of up to 40 minutes on journeys to London, Leeds, Newcastle or Manchester. This is significant and will allow for much improved business links between these cities

Example journey time:

Coalville to London by car = approx. 2 hrs 11 mins

Coalville to London by car + conventional rail = approx. 1hr 52 mins

Coalville to London by car + HS2 = approx. **1hr 31mins**

- **Opportunities for more economic development around the East Midlands Airport site:** Construction work on the East Midlands Gateway project started in early 2017 and is due for completion in 2023. This new enterprise will bring up to 7,000 new jobs, a bus interchange and associated road improvements
- **Improved bus services:** It may be possible to develop express bus services to link Coalville and Ashby with the East Midlands Gateway and HS2. This will benefit workers on the East Midlands Airport site and also HS2 passengers
- **Compensation from HS2 for landowners, businesses and the National Forest:** Compensation will be payable to all those materially or financially affected by the construction of HS2. This will include appropriate replanting of the National Forest where it is affected by HS2 construction works. The Government have already published details of their [Compensation Scheme](#) and we will ensure that affected residents are given information about how to access legal advice

5. Impacts

The previous study work undertaken by SLC Rail divided the district into three areas:

1. Appleby Parva to Ashby de-la Zouch
2. Ashby de-la Zouch to Charnock Hill
3. Charnock Hill to Lockington

The analysis identified a number of location-specific impacts which will need to be carefully managed. These are:

- Conservation of the River Mease
- Measham Canal restoration scheme

- The proposed route amendment east of Measham, also affecting Appleby Parva, Appleby Magna and Packington
- Major road works northeast of Junction 13 of the M42
- Major flood plain north of Castle Donington and Kegworth

A detailed document setting out the impacts that were assessed for each area is available in Appendix 1.

6. Generic Issues

The impact analysis has identified a number of generic issues which may affect wider parts of the district. These will be addressed by working with HS2 Ltd to ensure that a “best-fit” approach is used which will minimise disruption to local residents and businesses.

CONSTRUCTION

The construction phase of HS2 will span more than a decade; this will ensure that proper public consultation takes place, the design and planning phases are appropriate and also to spread costs. There will be disruption to nearby roads; this will include closures, temporary re-routing and some permanent roadworks. With the proposed route amendment east of Measham, this could cause the rerouting of a number of minor roads from Measham, the Appleby villages and Packington

We will ensure that the environmental and ecological impacts are carefully controlled. In places, the new line will pass close to areas of Special Scientific Interest and/or Conservation Areas and we will work with HS2 Ltd to ensure that these are protected.

There is a possibility that archaeological works will be required when construction starts, as important finds may be uncovered during digging works. HS2 Ltd will engage experts to ensure that local heritage is not lost.

Spoil (ie soil, sand, clay and rock) from a project of this size will be considerable and will need to be removed in a sustainable manner. It is likely that the Leicester-Burton freight line will be used to remove spoil by rail. There may be ongoing benefits to the area from upgrading this piece of infrastructure.

NOISE

Noise is a highly contentious issue and residents will be anxious about the sound levels generated by trains using the HS2 line. However, calculations have shown that this will be much less than expected.

How do we calculate train noise?

- Sound is logarithmic; an 80dB sound is ten times louder than a 70dB sound, which is ten times louder than a 60dB sound
- Noise is generated by the interaction of the train's wheels and the track, and the aerodynamic effect of the train moving through the air
- A high speed train will emit a sound level of around 95dB at around 50m away (equivalent to someone playing a piano loudly about 1 metre from the listener's ear)
- A train travelling at 400km/hr will be audible for 1km (approaching and passing). This is 1/400 of an hour, or 9 seconds
- If HS2 runs the projected 9 trains per hour, this will be additional noise for around 2 mins 42 secs per hour

Understanding the impact of train noise

- Noise is subjective and may affect one person more than another
- Intermittent noise (eg from trains and aircraft) may be perceived to be more troublesome than a constant, but lower level noise, but individuals' opinions may differ on this
- Being inside a building will reduce a sound level by around 10dB, even if a window is open
- Double or triple glazing will reduce noise levels further
- Earth ramparts, picket fences or trees can help reduce noise, but the first two measures can have a significant visual impact

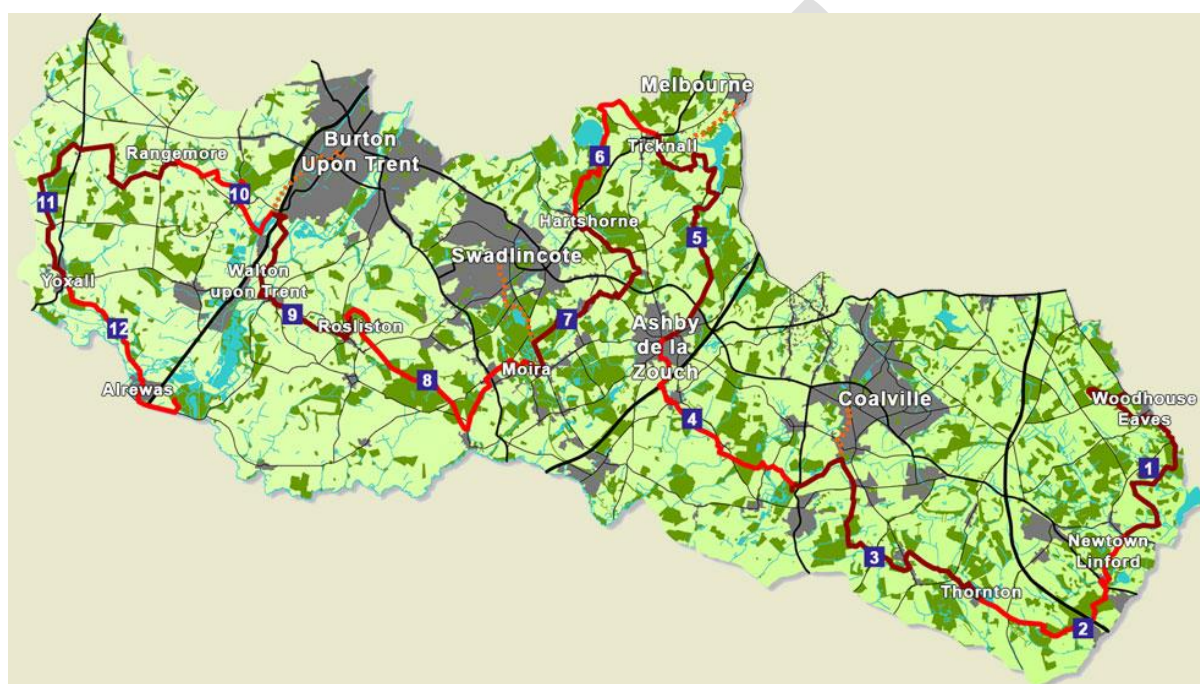
It has already been identified that trains entering and leaving tunnels can make a noise similar to a sonic boom. There will be small areas of tunnel along the proposed route, but in any case, noise mitigation devices are available for tunnel portals and HS2 Ltd are already planning to use these at all relevant points along the route. Tree plantings may also be used to act as a noise buffer in some places.

Noise is less likely to be an issue from the railway than either the A42, which emits constant noise except late at night, or East Midlands Airport, where aircraft noise is intermittent, except late at night. However, the proposed route amendment hems in Measham, Appleby Parva and Appleby Magna, and moves the railway substantially closer to Packington. This is likely to cause issues with noise, both from the railway alone and from the combination of road and rail.

Construction noise must be viewed differently, as it is likely to be for a set number of hours per day and for a specified construction period. However, noise is only one aspect of the disruption likely to occur when the railway is being built.

NATIONAL FOREST

We have identified that National Forest plantings lie within section 1 and 2 of the proposed route. Measham is also within the National Forest and there have been significant tree planting operations along the A42 in recent years.



HS2 Ltd have already agreed that where tree plantings are disrupted along the route, they will be replaced. There may also be opportunities for new plantings to help diffuse noise from the railway.

However, vegetation management is a major issue for Network Rail. Unchecked trees can cover signals, causing safety issues and may make it difficult for lineside workers to be able to shelter from passing trains while they are working. There is also the perennial issue of leaf drop and “leaves on the line”, which can cause train delays in the Autumn.

Network Rail have a detailed vegetation management strategy which sets out the distances from a track which must be clear of trees, and which species may be planted. On the classic network, this is 5m, but this figure may be adjusted for HS2 as the greater speed means that trains will pull in a large vortex of air behind them, affecting a wider than usual area.

PUBLIC OPINION AND EXPECTATIONS

Public opinion polls vary, but the majority show a marked opposition to HS2. There are still many people who are undecided about it.



?



There are many reasons for public opposition, but the most commonly stated are:

- Money should be spent on improving the existing rail network
- Money should be spent on other public services instead, such as the NHS or education
- HS2 will destroy greenfield environments, and cause pollution, noise and traffic disruption
- “Not in my back yard”

We want to provide a balanced view on HS2 for our residents, and have prepared a Frequently Asked Questions (FAQs) sheet which is available to download or collect from council offices.

ROAD CAPACITY: M42 AND A42

It is very likely that there will be an increase in road traffic during the construction phase of HS2, and possibly additional traffic on to these routes as a result of road closures and diversions elsewhere along the construction path.

Work will be starting soon to remodel Junction 13 of the A42 as it is already over capacity. It is possible that further work will need to take place later, as the planned route of the railway is very close to this junction.

It is also possible that traffic will increase on the A/M42 with more people travelling to Toton and Birmingham International. We have consulted Highways England, but they do not have any work planned at the moment.

However, Highways England are planning works to improve access to the Toton and Birmingham International sites, as follows:

- Rework of Junction 6 of the M42 to improve access to Birmingham International Station
- Opening the hard shoulder of the M1 between Junctions 23a (Donington Park) and 25 (Sandiacre) to improve access to the new Toton Interchange station

Roxhill Developments will be funding major improvements to Junctions 24 and 24a of the M1, to improve bottlenecks and give better access to the new East Midlands Gateway site.

7. Engagement with HS2 and Highways England

Our consultants, SLC Rail, have already engaged with HS2 Ltd and Highways England. A summary of these engagements appears below:

HS2 LTD

- HS2 report “surprise” at the number of responses they have already received to the 2016 consultation, and participants in the public consultation meetings held in the area
- All consultation responses will be collated and reported on by a third-party organisation (Dialogue by Design) before being passed to HS2
- The Secretary of State will make a formal response towards the end of 2017
- HS2’s impact assessments will also be subject to public consultation and will be undertaken by large working teams
- They have acknowledged that there is no “perfect” solution for the Measham amendment
- HS2 are keen to set up community forums to help work through the processes involved
- Traffic and Transport Liaison Groups are already being established for Phase 1. These will be HS2-led and are likely to be put into place for Phases 2a and 2b in the relatively near future. These groups will be focussed on the impacts of construction, road changes, HGV movements etc. Local authorities will be key stakeholders

HIGHWAYS ENGLAND

- Their principal concerns lie with HS2’s interface with the road network, and disruption from construction traffic
- HS2 and Highways England have already signed a Memorandum of Understanding as both are Secretary of State bodies. They are looking to jointly reduce the impact on the environment and align road and rail schemes to reduce disruption. This will include sharing roadworks and construction compounds where possible
- They are also both looking for commitment to future-proof the network. Road structures which interface with HS2 will be wide enough to accommodate extra lanes without further major disruption to the railway
- Any temporary road changes to accommodate the construction of HS2 will be built to a **permanent** standard and local authorities will have the opportunity to decide later if they want to retain these as permanent changes
- Highways England have a 2040 Vision and are already thinking in a multimodal way; it is not just about roads, but about how to maximise the transport modes there are available
- They have already noted that Junction 13 of the A42 could be heavily impacted by the construction of HS2
- Midlands Connect’s future strategy is already mindful of the effect of increased traffic on the already-busy M42 and A42. Solutions for this are likely to be considered again

8. Summary of Risks and Opportunities

Risks	Opportunities
Major public opposition	Better public transport connectivity locally and nationally – better access to jobs
Environmental damage to National Forest and SSSI areas	Compensation to landowners, businesses and National Forest
Long term traffic disruption if road improvements not co-ordinated with HS2	Improved travel times to London and the North
	Development of East Midlands Gateway and associated economic benefits
Disruption during construction phase	More jobs during construction phase and afterwards

9. Next Steps

We have already engaged with East Midlands Airport, and intend to work with HS2 Ltd throughout so that we are able to influence the best outcomes for our residents and businesses.

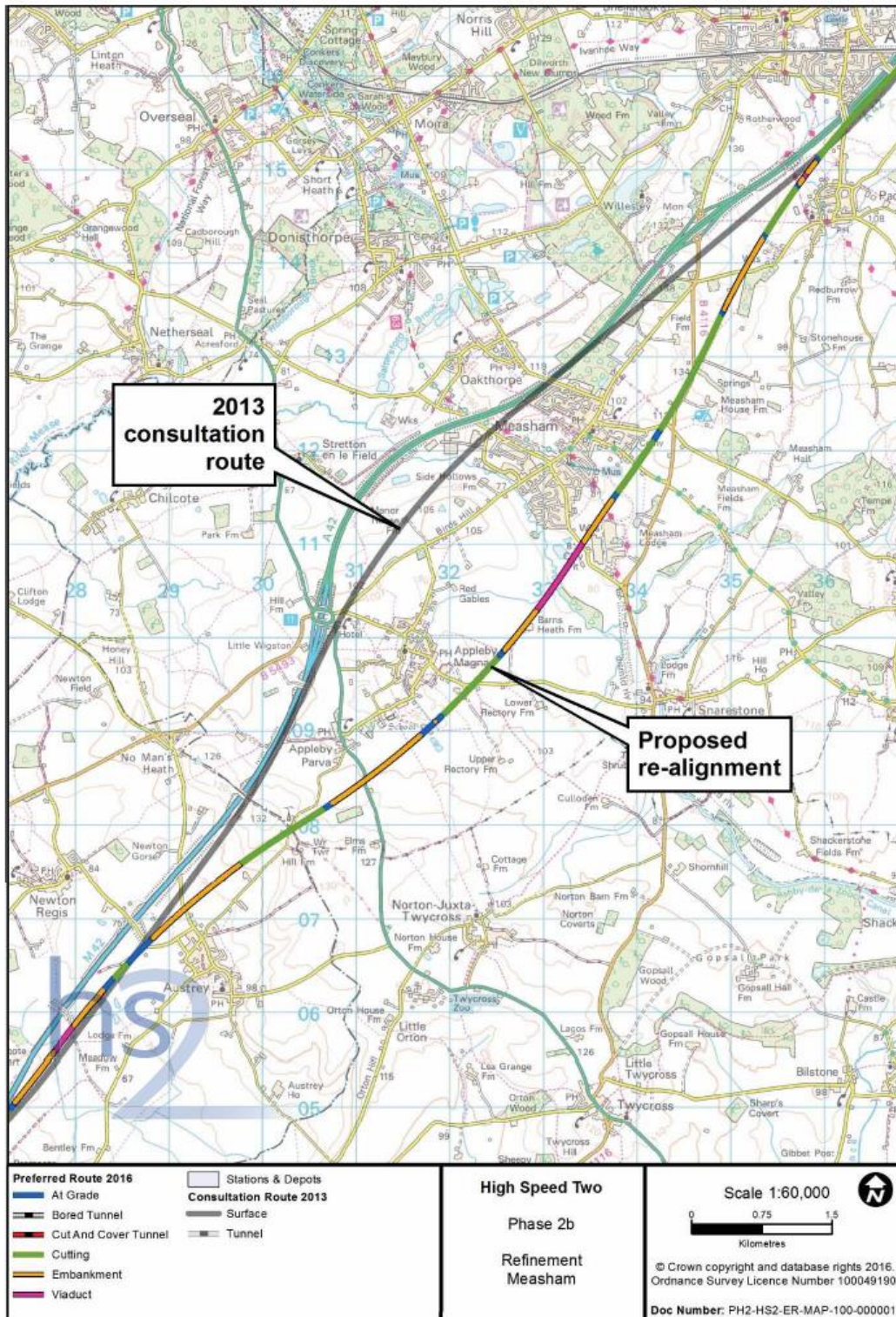
Therefore our strategy going forward is to:

- Actively engage with HS2 and other local/regional stakeholders
- Respond to the latest consultation document by 9th March 2017 (See Appendix 2)
- Ensure we present a balanced position on HS2
- Support our residents, particularly those who will need to claim compensation
- Ensure we engage with HS2 Ltd, Highways England, Network Rail and bus operators to optimise local connectivity benefits from HS2
- Engage directly with action groups through one point of contact who is able to liaise with them and act as an advocate for their views, and ensure that these are carried to the council and communicated with HS2 and other stakeholders.

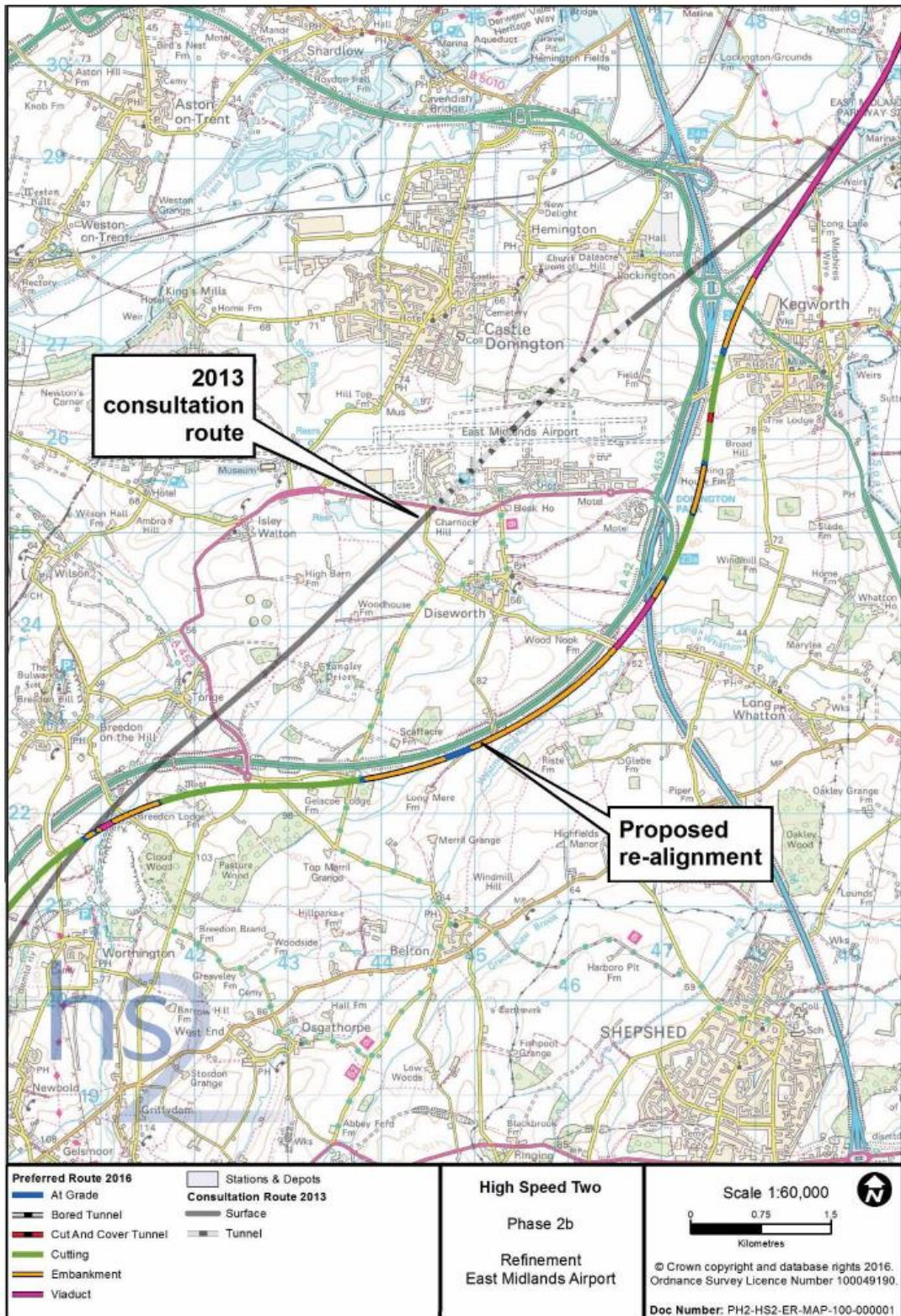
SLC Rail on behalf of NW Leicestershire District Council

14th February 2017

a. Route amendment east of Measham



b. A42 and East Midlands Airport



Appendix 1:

North West Leicestershire District Council

Potential Impact of High Speed 2

Summary of key points:

- Issues with the proposed route amendment east of Measham; impacts on villages and “boxing in” of the area, with related effects upon listed buildings and conservation areas
- Effects on planned developments around Kegworth with the northern amendment, moving the route in line with the A42
- Environmental impact on the National Forest
- Current scheme for works on J13 of M42 to be disrupted by HS2 route
- Road access for HS2 users via M42/A42 to Birmingham Interchange. Information needed from Highways England
- Information needed on HS2’s plans for rights of way, e.g. footpaths, cycle ways
- Impact on HS2 route as a result of approved planning application for East Midlands Gateway air freight terminal

Introduction

The potential effects of the proposed HS2 alignment through North West Leicestershire have been assessed against the following:

1. Landscape and Visual
2. Ecology and Wildlife
3. Noise
4. Roads and Traffic
5. Development

6. Heritage
7. Public Amenities
8. Water and flooding

This version of the document sets out the original route alignment and the November 2016 proposed amendments in a parallel view.

The route was divided into three geographical sections. For most of its length through the area of interest, the proposed route for HS2 runs parallel, and in close proximity, to the A42 trunk road, although this alignment has now moved away from the road corridor around Measham.

Some of the disadvantages from the railway placement, where it runs in the same corridor as the M42/A42 can be viewed in the context of existing visual, noise and other intrusions from the heavily-used trunk road.

It is worth noting that HS2 Ltd have not carried out any detailed land surveys on Phase 2 yet; these will be part of the formal development process and will help to determine what work is done to manage the integration of HS2 with the landscape and the road network.

Section 1. Appleby Parva to Ashby de la Zouch.

	Original alignment	Proposed amendment
Landscape and Visual	<ul style="list-style-type: none"> Route will closely follow A42, mostly at grade with existing highway. Cuttings/embankments will mirror those already provided for the road Overhead line equipment (OLE) will be visible, but absence of junctions should avoid the need for large support structures and complicated wiring runs HS2 engineers may consider more aesthetically pleasing OLE designs It is unknown whether power feed points are planned on this section, which would require substantial support structures and lineside electrical equipment Review when more detailed plans become available 	<ul style="list-style-type: none"> The revised route veers away from the road corridor and moves to the east of Measham, rejoining the original alignment beyond Packington. It will cross land mainly used for agricultural purposes, partly on embankments up to about 11 metres high. Over certain sections, the line is likely to be visible from some distance away, such as near the Sir John Moore's Foundation school and past parts of Packington village The village of Austrey will also be affected by the change in route alignment as the eastern move brings the line closer to the village The line will cross the River Mease on a viaduct 880m long and 11m high before rising with the terrain into a shallow cutting and rejoining the M42/M42 corridor. See comments on OLE and power feed points in the original alignment section Review when more detailed plans become available
Ecology and Wildlife	<ul style="list-style-type: none"> River Mease is a Special Area of Conservation and a Site of Biological Interest. It is important as a wildlife habitat and corridor, and for flood mitigation River flow and bank habitats must be conserved during and after railway construction Other local areas, particularly woodlands provide amenities for local residents Measham lies within the National Forest and there has been significant tree planting along the A42 in recent years. Trees affected by the railway construction must be replaced, and there may be opportunities for new planting 	<ul style="list-style-type: none"> The concerns about the River Mease are identical for both track alignments, as the track must still cross it at some point. The National Forest will still be affected under the proposed amendment as plantings cover a wide area of the county As the area is rural, concerns about woodlands, trees and deciduous plantings are the same.

	<p>to mitigate visual issues or noise</p> <ul style="list-style-type: none"> • HS2 are unlikely to want deciduous planting near to the railway to minimise leaf fall on railway operations 	
Noise	<ul style="list-style-type: none"> • The proposed route will be nearer to Appleby Parva, Appleby Magna and Measham than the A42; passing trains will cause additional noise • However, railway noise will be intermittent and unlikely to occur 24 hours a day (road noise more likely to be continuous). Effects of noise will be clearer when the HS2 timetable is published • There may be occasional noise at night from engineering works; re-laying track is the most intrusive, but this is only likely happen after the line has been in operation for a number of years (at least 10, and maybe up to 20 years) • Noise is a subjective issue and effects upon individuals vary greatly. See more detailed notes in the report on noise • Ensure timetabling information is kept under review 	<ul style="list-style-type: none"> • The revised route will pass to the east of Appleby Parva, Appleby Magna, Measham and Packington, affecting parts of these villages that presently look out onto quiet agricultural land without major roads. Although some sound does carry from the M42/A42 road on the west side of the villages, the railway will be near residential and commercial properties not currently affected by traffic noise • See other points on noise in the original alignment section • Ensure timetabling information is kept under review
Roads and Traffic	<ul style="list-style-type: none"> • Increase in road traffic likely during construction period • Temporary closures or restrictions may be required on local roads and new temporary access roads may be required for construction purposes • The A42 may need to be diverted to the west of the existing road in the Oakthorpe area to provide more space for the railway and limit the effect on properties in Measham. If confirmed, appropriate mitigation measures must be carefully planned to minimise impact on A42 traffic during construction • Traffic on A42/M42 corridor may increase after 2026 when Birmingham Interchange opens. Engagement with Highways England required in relation to mitigation measures/capacity enhancements 	<ul style="list-style-type: none"> • See notes in original alignment section • The proposed alignment east of Measham may cause less issues with the diversion of the A42

Development	<p>The District Strategic Housing Land Availability Assessment (SHLAA) identifies a number of sites for residential development within about 1Km. of the proposed railway alignment:</p> <table border="0"> <tr> <td>Appleby Magna</td> <td>333 houses</td> </tr> <tr> <td>Measham</td> <td>533 houses</td> </tr> <tr> <td>Ashby de la Zouch</td> <td>2,228 houses</td> </tr> </table> <p>Larger applications currently in the planning process include:</p> <ul style="list-style-type: none"> • Measham Land Company Ltd – up to 450 residences and reinstatement of 1.1km of canal, provision of public open space and vehicle/emergency/footpath access at Waterside, Burton Road, Measham • David Wilson Homes – 56 residences, Leicester Road, Ashby de le Zouch • Icen Projects – 605 residences, primary school, health/care facilities, open space and community/associated uses on land north of Nottingham Road, Ashby de la Zouch (near A42 J13) • Other residential/commercial development proposals are included in the District Plan, or are under consideration. These are further away from the HS2 route but may impact on traffic levels and the number of people affected in the longer term • Review when further details of HS2 plans become available 	Appleby Magna	333 houses	Measham	533 houses	Ashby de la Zouch	2,228 houses	<ul style="list-style-type: none"> • See notes on original alignment • The fact that Appleby Parva, Appleby Magna and Measham will be bounded on both sides by transport corridors (M42 / A42 to the west and HS2 to the east) may affect the availability of land for future development. • Review when further details of HS2 plans become available
Appleby Magna	333 houses							
Measham	533 houses							
Ashby de la Zouch	2,228 houses							
Heritage	<ul style="list-style-type: none"> • No designated ancient monuments, listed buildings or known historical sites along this section of route • Construction work may uncover artefacts or sites of historical interest. The legal authority for HS2 construction should include details of company actions in these circumstances 	<ul style="list-style-type: none"> • The Grade 1 listed Sir John Moore’s School is close to the revised route and the line will pass by on an embankment, so will be both more visible and generate more noise than if the line were placed in cutting. The Sir John Moore’s Foundation have considerable concerns about the effect on the building and its operations. See detailed notes in Appendix ?? to the report. Both Appleby Magna and Packington have Conservation Areas which will be very close to the proposed 						

		<p>route amendment</p> <ul style="list-style-type: none"> • The viaduct section will pass through a brickworks quarry (still in use) and an historic landfill site • See notes in original alignment section about construction work uncovering artefacts or sites of historical interest
Public Amenities	<ul style="list-style-type: none"> • HS2 will affect public rights of way including footpaths and bridleways. The County Council must develop plans for diversion, closure or other appropriate measures • See note above on woodland areas • Review information as more detailed plans become available 	<ul style="list-style-type: none"> • See notes in original alignment section
Water and Flooding	<ul style="list-style-type: none"> • All rivers in the area have identified flood plains; as far as is known, none of these are flood mitigation areas • Flooding has affected Packington in the past; avoid increased risk here, particularly during construction phases • There are no known aquifers or other groundwater sites 	<ul style="list-style-type: none"> • See notes in original alignment section • Further work may need to be carried out to assess whether flood risk to Packington is increased by the route amendment

Section 2. Ashby de la Zouch (A42 Junction 13) to Charnock Hill.

Landscape and Visual	<ul style="list-style-type: none"> Land contours suggest that deep cuttings and high embankments will not be required, but the proposed route is further from the A42 than section 1. The route will be a new transport corridor Until the exact route is confirmed, it is unknown what, if any effect HS2 will have on the view from Breedon Hill. However, railways tend to blend into the landscape better than trunk roads, but OLE may be visible 	<ul style="list-style-type: none"> The revised route will more closely follow the A42 north of Lount, mostly at grade with the existing highway. Cuttings/embankments are likely to mirror those already provided for the road The line will be further away from the viewpoints on Breedon Hill than the A42, and, in common with most railways, will have less of a visual impact than the existing dual carriageway road. However, the Overhead Line Equipment will mark out the line of the railway and cause some additional visual intrusion.
Ecology and Wildlife	<ul style="list-style-type: none"> Part of this section is within the National Forest, and there is tree planting which must be replaced if affected by HS2 construction See comments about deciduous planting in section 1 above Breedon Cloud Wood and Quarry (near Worthington) is a Site of Special Scientific Interest (SSSI) for biological and geological reasons and is less than 1Km from the proposed route Pasture Wood and Asplin Wood are also SSSIs and are less than 1Km east of Cloud Wood. These could be affected if the proposed route changes Other SSSI's near the proposed route are on the western side and unlikely to be affected. However, consideration may need to be given to protective measures for Lount Meadows to prevent potential adverse effects on drainage of the grasslands 	<ul style="list-style-type: none"> Part of this section is within the National Forest, and there is tree planting which must be replaced if affected by HS2 construction See comments about deciduous planting in section 1 above Consideration may need to be given to protective measures for Lount Meadows to prevent potential adverse effects on drainage of the grasslands
Noise	<ul style="list-style-type: none"> Lount, Newbold and Worthington lie along this section, but are smaller than the centres of population noted in section 1. There are other small settlements and isolated houses Noise intrusion on the various SSSI locations may give rise to 	<ul style="list-style-type: none"> See notes in original alignment section The proposed route amendment carries the line less close to the SSSI locations

	<p>objections</p> <ul style="list-style-type: none"> This section of the route is close to East Midlands Airport, and additional railway noise must be looked at in the context of existing noise generated by aircraft 	
Roads and Traffic	<ul style="list-style-type: none"> Increase in road traffic likely during construction period Temporary local closures or restrictions may be necessary The proposed route passes close to J13 of the A42, with a major impact on the junction itself and the associated road network. Current plans show HS2 occupying the line of the A512 to the north-east of the junction, requiring major works to this section of road. Temporary restrictions on and around the junction will be required during the construction phase. The County Council has already contacted HS2 and expressed its concerns on the impact to J13, but has not received a response The railway will cross the A42 at Breedon and bridge construction will cause disruption, including lane closures or a short period of complete closure for placing of bridge spans. Attempts will be made to minimise disruption The proposed crossing line is very close to J14, the main access to Donnington Park Motor Racing Circuit from the south, and access to East Midlands Airport. Disruptions will need to take account of the racing calendar where possible. Increased traffic levels towards Birmingham Interchange are likely to be less on this section There may be some increase in traffic towards Toton Interchange for Leeds and the North East, but these are likely to be significantly less than for Birmingham to London traffic 	<ul style="list-style-type: none"> See notes in original alignment section The notes on the railway crossing the A42 at Breedon do not apply to the proposed route amendments Temporary local closures or restrictions may be necessary Increased traffic levels towards Birmingham Interchange are likely to be less on this section

Development	<p>The District SHLAA includes two sites designated for residential development within 1Km. of the railway alignment:</p> <p style="padding-left: 40px;">Newbold 198 houses</p> <p style="padding-left: 40px;">Worthington 24 houses</p> <p>As far as can be ascertained, there are no major commercial or residential development applications currently in the planning system on this section of the route</p>	See notes in original alignment section
Heritage	<ul style="list-style-type: none"> • There are a number of sites of historical interest within about 1Km of the proposed alignment: <ul style="list-style-type: none"> ○ Moat at Breedon Lodge Farm ○ Langley Priory ○ Breedon Hill • The first two locations could be directly affected if the proposed route moves eastwards • It can reasonably be assumed that the likelihood of uncovering archaeological finds on this section are greater than the section of route south of J13 	<ul style="list-style-type: none"> • The historic moat at Breedon Lodge Farm lies directly on the revised alignment and would be destroyed or severely damaged • The revised line is, however, further away from the other historic sites at Langley Priory and Breedon Hill • It can reasonably be assumed that the likelihood of uncovering archaeological finds on this section are greater than the section of route south of J13. The Archaeology Data Service has catalogued a number of finds in this area
Public Amenities	<ul style="list-style-type: none"> • The proposed route crosses the “Cloud Trail”, part of National Cycle Network Route 6, running from Derby to Cloud Quarry near Worthington. A suitable bridge will need to be provided • Other public rights of way in the area are likely to be affected. The County Council must develop plans for diversion, closure or other appropriate measures • See notes in Ecology and Wildlife section for affected woodlands. Plans for complementary planting will need to be considered in this area 	• See notes in original alignment section
Water and Flooding	<ul style="list-style-type: none"> • There is a flood plain on the stream around Worthington which is intersected by the proposed route and may be affected. Mitigation measures to prevent damming may be required • There are no known aquifers or other groundwater sites 	• See notes in original alignment section

Section 3. Charnock Hill to Lockington (District Boundary)

Landscape and Visual	<ul style="list-style-type: none"> • Current plans are for this section to be largely in tunnel underneath East Midlands Airport and the proposed East Midlands Gateway Freight Terminal to the north of the airport. No major issues with visual intrusion are foreseen at this stage • Location of tunnel portals are unclear in the current plans. The topography to the north-east of the airport suggests that there will be considerable difficulties finding suitable levels for the railway compatible with the Freight Terminal, M1 and A6 trunk roads 	<ul style="list-style-type: none"> • This section will closely follow the alignment of the A42 and motorway network to the south and east of East Midlands Airport. There will be no large tunnel in the area • The topography to the north-east of the airport suggests that there will be considerable difficulties finding suitable levels for the railway compatible with the M1 and A6 trunk roads. This detail will only be revealed when specific land survey work is undertaken by HS2 Ltd
Ecology and Wildlife	<ul style="list-style-type: none"> • No ecological issues are foreseen at this stage as the railway will be mainly underground 	<ul style="list-style-type: none"> • No ecological issues are foreseen at this stage
Noise	<ul style="list-style-type: none"> • Development of HS2 Phase 1 has raised the issue of sonic resonance at tunnel entrances, producing an effect similar to a low-level sonic boom. HS2 designers are working on tunnel portal designs to mitigate this 	<ul style="list-style-type: none"> • The main effect of the revised alignment will be to place it on the surface close to the western edge of Kegworth, thus affecting many properties that would previously have been unaffected if the line was in tunnel. However, the additional noise created by the railway must be placed in the context of the significant noise levels already generated by the M1 motorway, the junctions with the A42 and A6 trunk roads and aircraft on final approach to, or taking off from, East Midlands Airport.
Roads and Traffic	<ul style="list-style-type: none"> • Tunnelling almost certainly to be undertaken by boring machines to reduce the effect of works on the airport. • No indication has been given yet of the method of spoil disposal, but previous similar projects indicate a preference to use rail transport whenever possible. Work on the East Midlands Gate Terminal may offer opportunities to utilise the 	<ul style="list-style-type: none"> • Increase in road traffic likely during construction period • Temporary local closures or restrictions may be necessary • There may be some increase in traffic towards Toton Interchange, but this is likely to be marginal compared to existing traffic levels on the trunk road network in the area.

	<p>site for loading and forwarding spoil</p> <ul style="list-style-type: none"> • A conveyor system to a loading facility may be needed, and if road transport is used to any extent, improved links to nearby trunk roads may be needed • Ensure close engagement with HS2 to produce plans for sustainable spoil disposal which minimises effects on the local environment 	
Development	<ul style="list-style-type: none"> • Current plans are for HS2 to pass beneath the Freight Terminal site in tunnel. However, topographical levels in the area suggest that the northern portal may have to be located within the terminal boundary, or a covered way constructed over the railway • There will be difficulties identifying practical vertical and horizontal alignments to take the railway under or over the adjacent M1 and A6 trunk roads at J24 • The proposed route will require the demolition of the Hilton Hotel at Lockington. A suitable alternative site in the area will need to be identified 	<ul style="list-style-type: none"> • There will be difficulties identifying practical vertical and horizontal alignments to take the railway under or over the adjacent M1 and A6 trunk roads at J24 • Current development plans for 90 Ashby Road and the Curzon Coaker Trust will be seriously affected as the route amendment runs straight through these areas • Need to mitigate for loss of amenity space and recreation areas provided by permitted developments
Heritage	<ul style="list-style-type: none"> • Lockington Hall is within 1Km of the proposed route, but is unlikely to be affected unless the alignment is moved northwards • The possibility of archaeological finds during tunnelling cannot be discounted; an important Bronze Age hoard was found at Lockington in 1994 	<ul style="list-style-type: none"> • The revised alignment is significantly further away from Lockington Hall than the old. • The possibility of archaeological finds during tunnelling cannot be discounted; an important Bronze Age hoard was found at Lockington in 1994
Public Amenities	<ul style="list-style-type: none"> • Depending on the final route alignment north of the tunnel, there may be effects on public rights of way 	<ul style="list-style-type: none"> • There are likely to be effects on public rights of way. The County Council must develop plans for diversion, closure or other appropriate measures
Water and Flooding	<ul style="list-style-type: none"> • The great majority of the area to the north of Castle Donnington and Kegworth is a major flood plain and whatever final route is chosen, the railway will run through open air 	<ul style="list-style-type: none"> • The revised alignment is along the edge of the flood plain to the north of Kegworth • There must be appropriate measures to ensure that the

	<p>through this section of route</p> <ul style="list-style-type: none">• There must be appropriate measures to ensure that the free flow of flood water is not affected by the railway	<p>free flow of flood water is not affected by the railway</p>
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Appendix 2:

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL – RESPONSE TO HS2 CONSULTATION

The District Council have considered the proposed route changes which were published in November 2016 and wish to put forward the following as a measured response.

NWLDC STANCE

We have spent time consulting with Council employees, local councillors, action groups and the public about the route changes and have carefully considered the impacts upon our community, businesses and the environment. It has been some time since the original route was published and the proposed changes have therefore brought HS2 into sharp focus again. Our studies and discussions have led us to the following conclusions:

1. We can see the logic behind the **East Midlands Airport/Kegworth amendment**, as there are clear financial benefits for HS2 Ltd for not constructing a 3km tunnel underneath the airport. The course of the railway will also follow the A42, which is in line with HS2's basic principle of following existing transport corridors where this is feasible. However, there is a need to mitigate and compensate for the loss of amenity space and playing fields as a result of losing planning permissions to the west of Kegworth and to take account of new bridges needed to ensure the delivery of the Kegworth by-pass is not jeopardised.
2. **Siting of Toton interchange** – our clear preferences would have been for either a station at East Midlands Airport (similar to the one at Manchester Airport), or failing that, one alongside the existing station at East Midlands Parkway. However, we recognise that HS2 Ltd have made their decision on Toton to place the new station equidistant from Derby, Nottingham and Leicester to give fair access from each of the East Midlands cities. We also note this is a decision that is supported by the respective transport authorities in those areas. It is now our priority to ensure the best possible connectivity between Toton and the district, and to this end we shall expect HS2 Ltd to support this aim and to work closely with local councils to achieve this.
3. **We are unable to support the proposed amendment to move the railway east of Measham**, and we have identified the following significant disadvantages:
 - **Cutting off rural communities:** the proposed route will enclose Measham, Appleby Parva and Appleby Magna, and will also move much closer to Packington than was originally envisaged. One of HS2's design principles elsewhere has been to avoid this sort of enclosure and it is difficult to understand why it has not been applied in this case. Cutting off rural communities will cause a raft of different issues in this area and these are explained in detail below.
 - **Engineering:** the revised route now includes many sections of embankment and large viaducts, to accommodate passing the line through an undulating area of countryside. These will greatly increase the visual impact of HS2 in a rural area and create more noise, both during the

construction period and afterwards when the service is operating. The amended route also affects many more minor roads and as details of disruption to these are as yet unknown, there is a large amount of disquiet about village-to-village access while the line is being built

- **Noise:** we have received many communications from residents who are anxious about the impact of noise, from construction operations and from passing trains. A significant number (more than 20) affected properties are listed and will not be able to employ noise reduction measures such as double or triple glazing. There are concerns about the effects of construction and train noise upon education, as World Health Organisation recommendations are for sound levels to be less than 35dB. There are detailed notes within this consultation response about the Sir John Moore's Foundation, one of the few Grade 1 secular heritage buildings in the county.
- **Ecology:** the original route through the Measham industrial estate and next to the A42 was recommended by HS2 to enable the shortest possible traverse of the River Mease Special Area of Conservation. The new route involves a longer, potentially more deleterious crossing over this highly sensitive ecological area. It is therefore a worse option in terms of environmental impact
- **Employment:** the original route would run through the Plastic Omnium factory. A route to avoid the factory is possible and could be explored, or if necessary the Council would proactively work with the company to assist relocation nearby, which could be achieved with the compensation due and gives a period of several years for this to be achieved. However, moving the route east of Measham has an adverse effect on a number of small businesses and the Champney Springs Spa, which employs 200 people
- **Housing:** the original route affects an unbuilt housing estate. The applicants for this site were fully aware of the proposed HS2 route and the Council has made alternative plans for housing provision in Measham through its Local Plan. Arrangements can therefore be made for housing relocation on an alternative site, but other housing areas will be severely affected by the proposed amendment
- **Heritage:** The proposed re-route will have a significant impact on the Grade 1 listed building St John Moore Foundation School.
- **Road:** A42 realignment can be addressed through appropriate measures, but there are likely to be significant effects on minor roads during the construction period
- **Utilities:** the new route has a direct impact on the Packington water treatment works (WWTW), which would require substantial investment to mitigate, especially given the issues with the River Mease SAC and the fact that the WWTW would either have to be replaced before the railway is built, or would need to remain fully operational while improvement works were carried out to mitigate the impact of the railway.

PRIORITIES

The Council priorities for our residents and businesses are:

- To minimise noise, access and travel disruption during the construction period
- To maximise benefits, both during the construction period and when HS2 is operational

- To ensure that our heritage buildings and conservation areas are protected as far as is reasonably practicable
- To ensure that our environment and wildlife are sheltered from adverse effects
- To work with HS2 and railway operators to ensure that Leicestershire has good outcomes in terms of access to rail travel
- To ensure that anyone who suffers blight is appropriately compensated.

BENEFITS

We are broadly in support of the concept of HS2 as a means of bringing the railways into the twenty-first century, and we have studied the benefits that this project will bring to the district in the long term. We have identified the following benefits:

- **Better journey times to London and the North of England:** Projections show that there may be time savings from District towns like Coalville and Ashby of up to 40 minutes on journeys to London, Leeds, Newcastle or Manchester. This is significant and will allow for much improved business links between these cities
- **Opportunities for more economic development around the East Midlands Airport site:** Construction work on the East Midlands Gateway project commenced in early in 2017 and is due for completion in 2023. This new enterprise will bring up to 7,000 new jobs, a bus interchange and associated road improvements. This could develop further as a result of business expansions encouraged by HS2
- **Improved bus services:** It may be possible to develop express bus services to link Coalville and Ashby with the East Midlands Gateway and HS2. This will benefit workers on the East Midlands Airport site and also HS2 passengers
- **Compensation from HS2 for landowners, businesses and the National Forest:** Compensation will be payable to all those materially or financially affected by the construction of HS2. This will include appropriate replanting of the National Forest where it is affected by HS2 construction works. The Government have already published details of their compensation scheme we will ensure that affected residents are given information about how to access legal advice.

Leicestershire is expected to grow by some 117,000 additional homes over the next twenty years, a significant expansion. The associated larger population will require employment and access to travel. Using current patterns of population movement for both work and leisure indicate that there will be a need to continue to encourage our residents to make the best use possible of public transport to relieve pressure on the road systems. It is recognised that the openings that HS2 will release on the classic rail network will give increased opportunities for both local and longer distance travel from the district and the wider county. There is potential for the increased population to tap into the improved journey times that HS2 will offer, provided that suitable public transport position is made along the M42/A42 corridor between the two interchange stations, with stops within the District to service Ashby, Coalville and the airport.

IMPACTS

The Council commissioned an impact assessment on the original route alignment and this has been updated since the route amendments were announced in November 2016. The following factors were used in the assessment:

- Landscape and Visual
- Ecology and Wildlife
- Noise
- Roads and Traffic
- Development
- Heritage
- Public Amenities
- Water and flooding

The assessment matrix is attached as an Appendix to the Council's overall HS2 Strategy, and shows a comparison of the impacts between the original route and the proposed amendments.

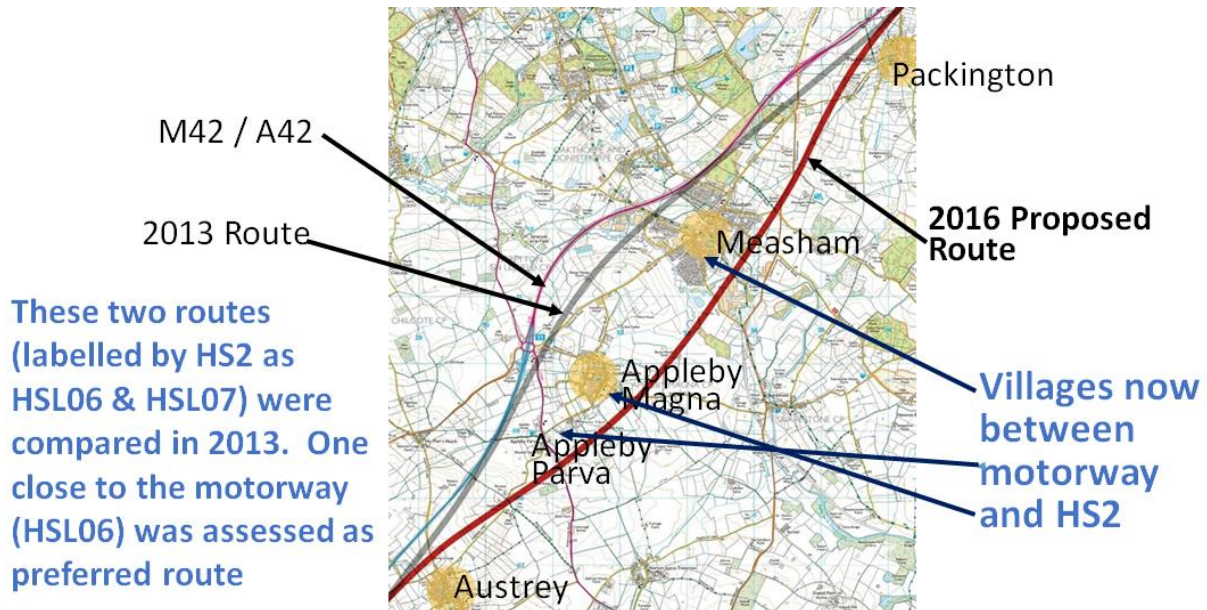
Since the impact assessment was carried out, HS2 have proposed two amendments which will affect the district and these are:

1. Moving the route to the east of Measham and away from the course of the M42/A42 transport corridor.
2. Taking the route out of tunnel underneath East Midlands Airport and moving the route to closely follow the A42.

It has become obvious that the impact assessment alone would not provide enough evidence to adequately respond to HS2's consultation document, so further information has been collated overleaf which considers a wider range of impacts upon our community.

ROUTE AMENDMENT 1 – EAST OF MEASHAM

- The current proposed route was originally considered in 2012/13 but was rejected in favour of the path west of Measham and with the A42
- There is still a need to cross the River Mease with either option.



Headline impacts

- Two villages, Austrey* and Packington will be subject to more noise, visual intrusion, impact on facilities and listed buildings than 2013 route as the railway has moved closer. No positives can be seen from this change
- The villages of Appleby Parva, Appleby Magna and Measham become trapped between the M42/A42 and HS2, severing the link to countryside on both sides, creating a potential restriction to future outwards development
- The realignment is contrary to HS2's principle of building in existing transport corridors where possible. Going against this principle is destructive to the character of these attractive rural villages, by the presence of a physical barrier and the concomitant psychological effects. All locations will be subject to noise from both sides (see note on noise one page 1 above)
- The route runs very close to a cemetery in Measham, primary schools in Appleby Magna and Packington (one of which is a significant Grade 1 listed building) and Packington churchyard
- The River Mease Special Area of Conservation will be crossed on a longer route than previously envisaged, involving a long, high viaduct in open countryside
- Measham, Appleby Parva, Appleby Magna and Packington are already affected by noise from the M42/A42. This is a constant background noise for most of the day, and can vary with prevailing winds and weight of traffic.

- Hemming in this area will create an “island” of noise for residents. Villagers in Appleby Magna, Appleby Parva and Packington all report noise as an ever-present issue and are understandably apprehensive about the additional noise which HS2 could create, both in the construction phase and afterwards. Moving the railway increases the potential for cumulative noise from road and rail

*Austrey is outside NWLDC area, but is included here for completeness

Place by place - Appleby Parva

- Major changes to A444 taking it over HS2 on a **10m high bridge** (previously this crossing would have occurred close to motorway island)
- The village will be hemmed in between M42 and HS2
- High visual intrusion and noise impact
- Effects on access to the village during the construction period are unknown; the line crosses a minor road eastwards out of the village and it is inevitable that this will be disrupted
- HS2’s own Sustainability Assessment (Appendix C1 Landscape) refers to “moderate visual impacts where the route is on embankment near Appleby Parva (300m)”.

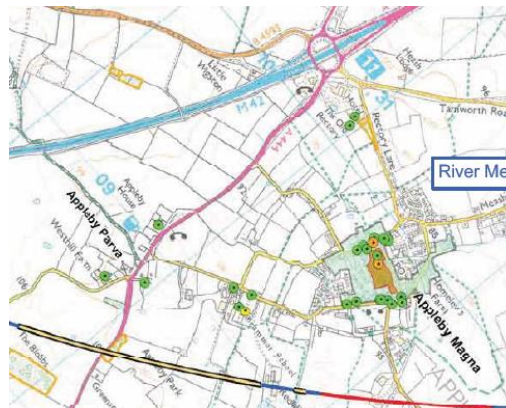
Place by place – Appleby Magna

Heritage issues:

2013 Route



2016 Route



- Listed Building Grade I
- Listed Building Grade II*
- Listed Building Grade II
- Scheduled Monument
- Conservation Area

- The edge of the Conservation Area is on Top Street, and there are a number of 17th C buildings close to Snarestone Lane. The effects on this setting is acknowledged and accepted in HS2’s documents, and in the 2013 assessment, 9 listed buildings were noted
- It is worth noting that the village is located on lower ground and the railway line will be set on higher countryside, increasing the visual impact of HS2

- The Grade 1 listed building Sir John Moore Foundation houses the village school and a range of community activities is on edge of village and at the **closest point to the proposed route amendment** (between 200-300m).



Figure 1 Sir John Moore's Foundation



Figure 2 Sir John Moore's Foundation Museum

Sir John Moore's Foundation Building

- Based on an original design by Christopher Wren and provided by a local entrepreneur who became Lord Mayor of London
- Opened as a school in 1697
- Houses village primary school, a museum of school life, businesses, residents and a range of community activities including weddings
- Refurbished under a community-led scheme, overturning the option to build a new school
- One of only a handful of secular Grade 1 listed buildings in the county.

The line will be on embankment past the school, which has raised concerns about noise and disruption during the construction period, and train noise thereafter. There are no noise mitigation measures which can be carried out on the building because of its listed status.

There are three major threats to the future of schooling arising from this:

- **Operational impact:** the noise of the operation of high speed trains will be a continual unsettling and disruptive intrusion on the learning environment where stable quiet conditions are essential for attention and concentration.
- **Constructional impact:** the massive disruption involved in an engineering project of this scale could render the operation of the school completely impossible for 1 or 2 years. Although temporary this could nevertheless result in a discontinuity threatening long term viability.
- **Strategic impact:** the proposed reroute would maroon the villages of Appleby Magna and Measham in between two major noisy transport infrastructures. This is normally regarded as unacceptable in terms of general land use planning. It could well have a major chilling effect on settlement intentions of potential residents with adverse consequences for future school enrolment.

Businesses and economy:

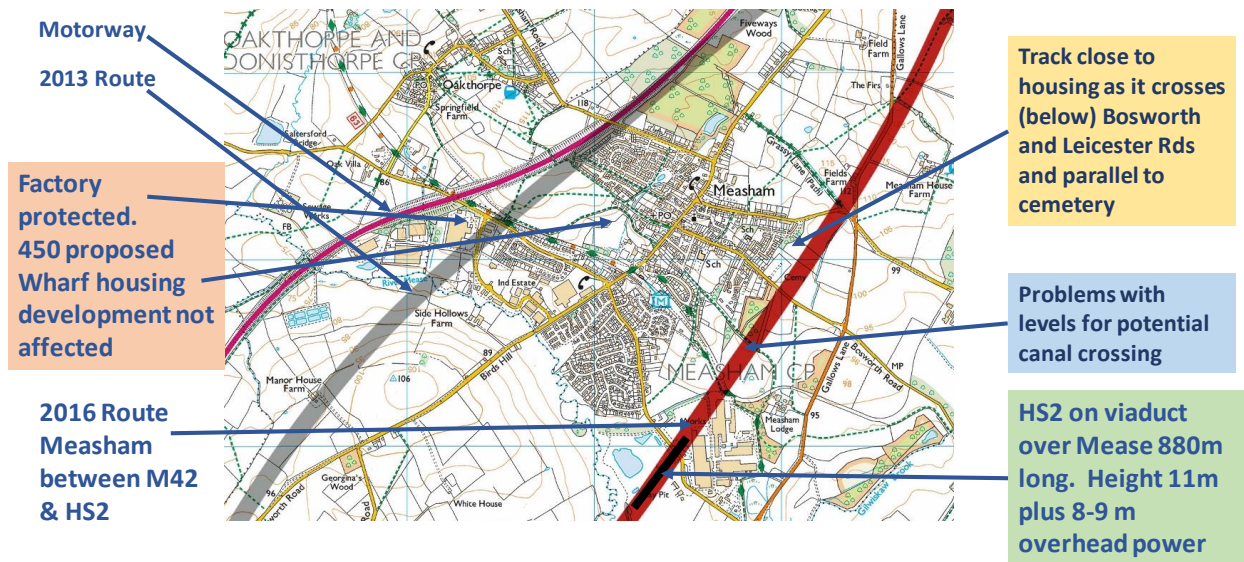
- The land on the proposed route (as shown on HS2 maps) is **Agricultural Grade 2** and as such of significant value. Much of the agricultural land in this area is used for potato, wheat and barley farming
- The proposed route would demolish two farms which have diversified over the years to incorporate thriving business parks
 - **Redhill Farm.** A number of businesses (including professional services) located here. Currently estimated at 170 jobs with planning permission for more (details to follow)
 - **Barns Heath Farm.** 9 businesses with another committed, 107.5 permanent jobs (with add. 4 planned), 18 casual, combined turnover £5.7m (full details available), of which a large proportion stays in the local economy
- There are also a significant number of **home-based professionals** (including design, finance, and other services)
- Distinct and diverse businesses make for a resilient local economy. If one closes it does not have a major impact on the overall local economy, but smaller businesses are more vulnerable to

disruption than larger ones. Compensation would not be available for those renting business premises. Currently farm-based sites provide supportive start up conditions (e.g. rate relief)

- These businesses recruit locally and their employees often spend money within the local economy.

Place by place - Measham:

- The current settlement pattern has commercial properties concentrated on Westminster estate along A42. Housing development focussed on the other side. New houses already built/being built will be affected by the new proposed line
- The track runs close to and parallel to the 19th C cemetery. It is the **only cemetery still in use being affected by HS2** (confirmed by HS2 Ltd)
- The 2 primary schools serving Measham are both on the proposed route side of the village and around 250-300 yards from the line, along with an outdoor recreation area. There are concerns about noise, and whether construction traffic will affect access.
- Measham has suffered deprivation as a result of the loss of coal mining, including more recent loss of open cast mining. Residents are concerned that being hemmed in by HS2 will make Measham a less attractive place for inward investment and the village will suffer as a result
- The viaduct over the River Mease will create a major visual impact on the east side of the village
- Protected reinstatement of the canal line is not compatible with a lengthy crossing by HS2. Work is already in progress to restore the canal and this will probably be finished before HS2 construction starts.



Housing:

- David Wilson Homes estate under construction on Atherstone Rd has been halted since the new route was announced, to prevent any further blight. This puts at risk 11 council houses as an affordable housing contribution to the area, and a traffic calming scheme. An expected extension application for this site is no longer being progressed
- Sites with planning permission on Bosworth Rd and New St are now under threat; these had included 8 affordable homes

- A site under the SHLAA list next to the brick works could have been expected to provide returns at some point in the future to allow redevelopment of that brownfield site at end of life. This is unlikely to be viable and the site may be left derelict.

Measham Cemetery:

- The cemetery is a current burial ground
- It is of special sentimental and religious significance to residents with relatives buried there
- There is a special area reserved for children
- Careful planning has meant that this area has been kept quiet and peaceful, providing the right ambience and with dignity that people expect of a cemetery especially in a village setting
- The proposed HS2 line and banking will inevitably have an impact on the character of the place.

Business issues:

Effects upon the following have been identified:

- Springs Hydro Leisure Centre. Estimate 200 jobs
- Measham Red Banks Brick Works. Estimate 100 jobs and sterilisation of significant clay reserves. As such obviously cannot be relocated. It is within the Minerals Conservation Area.
- Measham has been a deprived area for many years following the loss of the mining industry here. Local businesses fear that “hemming in” will have a poor effect on opportunities for business expansion.

Place by place - Packington

The route amendment brings the line much closer to Packington, including its listed buildings and Conservation Area; a listed building noted by HS2 as “derelict” in the 2013-14 document is in fact inhabited, increasing the known count by another one. The visual impacts are likely to be increased as the line will now skim much closer to the village.

2013 route



2016 route



 Conservation Area

Holyrood Church is Grade II* listed; other listed buildings marked in green.

Other issues which may affect Packington include:

- Access to the local primary school (OFSTED “Outstanding”); up to 50% of the school population of c.110 pupils come from outside Packington. The construction period may affect pupil numbers and have an impact on the future of the school as it is very dependent upon maintaining its current headcount. Construction noise is also likely to affect use of the school’s outdoor amphitheatre for teaching, particularly as most building work will take place during daytime hours. Preschool children attend the playgroup in the Memorial Hall, which will be some 200m from the line
- Secondary school children in Packington are also likely to be affected as many attend Ivanhoe High School and Ashby School, both of which will necessitate students crossing the construction route twice a day. In the event of this route being approved, provision would need to be made to accommodate this
- Disturbance of Holyrood Church; the graveyard is open and local people are interred there. There is an expectation that the place will be quiet and peaceful
- Construction traffic affecting village life, as it is likely to impinge on local activities
- Issues with noise, both during the construction period and afterwards. Noise from the A42 is already very evident, and listed properties will be unable to benefit from mitigation measures such as double or triple glazing. Residents are also very concerned about the combined effects of noise from HS2 and the main road.

- Effects on the Champney Springs Spa, which employs c.200 people and has around 1000 active members. Spa users visit in the expectations of a peaceful and stimulating experience, and will be affected by the construction works and ongoing noise from HS2, which will run very close to the site.

Place by place - River Mease Special Area of Conservation

- The countryside between Appleby and Measham is the location for the River Mease SAC. It is believed to be the **only SAC on the HS2 route in this area**
- The SAC is subject to European law and environmental assessment requirements, and the expectation is that the **least damaging route** is taken
- The area is a named site with significant populations of *Ranunculion fluitantis* and *Callitriche-Batrachian* vegetation. Shading of these plants is a concern, and variations in population will affect the wider ecosystem, with knock on effects to other flora and fauna
- The River Mease is also a good example of river habitat for *Cobitis taenia* (Spined Loach) and *Cottus gobio* (Bullhead). Both species are of very localised distribution in the UK (only 5 habitats listed for *Cobitis taenia*, and the Mease specific as a known habitat for *Cottus gobio*) and are dependent upon a clean habitat with diverse plant life.



Figure 3 *Cobitis taenia*

UNDERSTANDING THE CHANGE

It is clear that many people in the area are opposed to HS2 in its entirety whatever its route, and this is understandable for many reasons, whether this is discomfort with change, effect upon property values, damage to the environment or disagreement with the philosophy behind it.

The previous consultation round (which closed Jan 2014) asked for specific problems with the earlier route. The official report records ‘a handful’ or ‘several’ responses to various aspects along the route. The full data is available at <https://www.gov.uk/government/consultations/hs2-phase-two-proposed-line-of-route-from-west-midlands-to-manchester-and-leeds>

In comparison, 1075 people attended the consultation event in Measham on January 18th 2017, despite the venue being inaccessible by public transport, showing the strength of public opinion. Attendance at this and other public meetings since November 2016 suggests a high level of concern about this change.

It is therefore unclear, given what is reported in this consultation response, why a route amendment affecting **more** people than the previous one has been selected and the Council calls upon HS2 Ltd to clarify this.

Comparing the two routes:

2013:

- Noise from HS2 trains would result in annoyance for an estimated **578 people** (equivalent to the occupants of some **245 dwellings**). This would represent about **21** people per km of route
- 113 dwellings would be located within 100m of the route and could be of greater risk of disturbance from construction activity
- Embankment or short viaduct close to Austrey, Measham and Packington would cause visual impact on residents at the edges of these villages. In general due to the route being in cutting and close to the road corridor, it would have limited landscape and visual impacts. The Grade II listed Meer Bridge could be directly affected.

2016:

- Noise from HS2 trains would result in annoyance for an estimated **841 people** (equivalent to the occupants of some **357 dwellings**). This would represent about **31** people per km of route
- 73 dwellings would be located within 100m of the route section that could be of greater risk of disturbance from construction activity, However, this does not take account of new houses built since 2013..
- The route would continue through undulating land using high embankment and deep cutting, causing visual impact on nearby residents at Austrey, Appleby Parva, Measham and Packington and causing a minor effect on the setting of Packington Conservation Area.
- Where the route section diverges from the A42 corridor across open countryside, there would be a landscape impact.
- There would be minor impacts on a Grade I listed structure, the Sir John Moore Foundation school Appleby Magna and on the Grade II* listed Church of the Holyrood (Packington). A further 34 Grade II listed structures would be near the route and subject to impacts on their setting. Nine of these in Appleby Magna Conservation Areas and six in Packington Conservation Area and would be subject to minor impacts on setting

Challenging the change:

1. HS2's claims:

- The number of responses was termed as “significant” in the route amendment document, yet other sources say “a handful”
- The impacts are only detailed as “Measham”, whereas the true situation is that it affects Measham, the Appleby villages and Packington
- Claims of supporting the River Mease Special Area of Conservation are inaccurate as a longer crossing is now required, which logically would be more problematic
- The 2013-14 consultation stated that placing HS2 in the M42/A42 corridor would help reduce visual impacts and this is now not the case.

2. Jobs and Businesses

- The main concern (as stated by HS2 officials) relates to the Plastic Omnium factory. This is a major local employer and a nationally significant supplier to the car industry. However:
 - HS2 have told us they have a route ‘tweak’ to the 2013 route which would miss the Plastic Omnium factory but go through their car park, avoiding the need for a complete re-route. There is no rationale available as to why this option was rejected. We would encourage HS2 to re-examine this route again and to publish a full impact assessment of the route options in this area.
- Additionally, we have shown that there are more local jobs at risk from the re-route which make a significant contribution to a resilient local economy. These do not seem to have been fully considered.

3. Housing and Development

- The 2013 route would have an impact on a site with planning permission for 450 houses (known as Measham Wharf). Documents state that the route would reduce the number of houses viable on this site to 230
- North West Leicestershire District Council are in the final stages of their Local Plan inspection. As part of this they have made provision of an alternative site to provide equivalent housing to those lost
- The proposed canal redevelopment aspect of this site does not connect to the existing canal either the other side of the A42 (to Moira) or to the Snarestone end (the other side of the High Street). The proposed wharf aspect of the isolated waterway is not on land affected by the original HS2 route
- In addition, the new proposed route is incompatible with the protected (by Act of Parliament) route of the canal east of Measham as the levels are too similar for the canal to cross the new proposed route of HS2. As the canal work is likely to be completed a number of years before HS2 is constructed, this could cause further issues later on.

CONCLUSION

Most of the issues set out in this consultation response are not amenable to mitigation or compensation, unless the re-route section is tunneled throughout, which is a very expensive option.

Therefore, whilst North West Leicestershire District Council is broadly in support of the HS2 project and recognizes the benefits that the scheme will bring both nationally and locally, the proposed re-route of

the line in the south of the district has a significantly greater negative impact than the original route that was consulted upon in 2013.

Therefore, based on the available information, The Council is strongly of the opinion that this route amendment is not viable and ask HS2 Ltd to reconsider it and publish a full impact assessment of the comparative impacts of the original route west of Measham, the “tweaked” route west of Measham (avoiding the Plastic Omnium factory), and the proposed amendment east of Measham.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**COUNCIL – THURSDAY, 23 FEBRUARY 2017**

Title of report	FUTURE EXTERNAL AUDIT ARRANGEMENTS
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Head of Transformation 01530 454510 anita.onwuchekwa@nwleicestershire.gov.uk</p> <p>Financial Planning Manager / Deputy S151 Officer 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p>
Purpose of report	To seek approval to opt in to the PSAA framework to appoint new External Auditors.
Reason for Decision	To comply with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, which states that the decision to opt in must be made at a full council meeting.
Council priorities	Value for Money
Implications:	
Financial/Staff	As detailed in the report
Link to relevant CAT	No direct link
Risk Management	As detailed in the report
Equalities Impact Screening	None
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	Audit and Governance Committee
Background papers	None
Recommendations	<p>THAT COUNCIL:</p> <p>a) APPROVES THE OPTING IN TO THE PSAA FRAMEWORK FOR APPOINTING EXTERNAL AUDITORS IN ACCORDANCE WITH THE LOCAL AUDIT (APPOINTING PERSON) REGULATIONS.</p>

1.0 BACKGROUND

- 1.1 The Audit Commission, which used to appoint auditors to a range of public bodies ceased to exist in April 2015. Its functions were disseminated amongst a number of organisations including Public Sector Audit Appointments Ltd (PSAA). Under the transitional arrangements the PSAA was responsible for appointing external auditors to public bodies including local authorities, NHS bodies and police forces. In July 2016, PSAA was specified as an Appointing Person by the DCLG under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. This gave the PSAA the authority to appoint auditors to audit the accounts of authorities that chose to opt in to such arrangements.
- 1.2 The PSAA is a not for profit company owned by Local Government Improvement and Development, which in turn is owned by the Local Government Agency (LGA).
- 1.3 All local authorities have a statutory obligation to appoint independent auditors to audit their accounts and any authority that does not opt in to a sector-led appointing body would have to make their own arrangements including establishing a politically balanced and sufficiently skilled auditor panel.

2.0 PSAA OFFERING

- 2.1 The PSAA were appointed by the DCLG and is running a national scheme. It is free to opt in and North West Leicestershire District Council (NWLDC) was invited to do so by the PSAA on 27 October 2016. Councils and other public bodies (NHS bodies, Fire Services, Police Services etc.) who choose to opt in must do so by 9 March 2017. This allows it to appoint the auditors by 31 December 2017 so that the auditors can ensure they are in a position to undertake their obligations by 1 April 2018. In accordance with legislation, all local authorities that wish to opt in must make the decision at a full council meeting.
- 2.2 The PSAA propose to undertake the procurement process on behalf of the opted in authorities, which includes inviting tenders from audit firms by April 2017, evaluating the bids and awarding the contracts by June 2017 allowing 6 months for consultation with

authorities and subsequent confirmation of appointments. The contract duration between the PSAA and the audit firms will be 5 years.

2.3 PSAA Provided Reassurances:

- a) The PSAA will only contract with firms that have a proven track record of successfully undertaking public audit work.
- b) It will closely monitor the rigour and effectiveness of appointed firms' internal quality assurance arrangements and will liaise with the National Audit Office to ensure all guidance to auditors is updated when necessary.
- c) It aims to ensure that each successful firm has a sufficient quantum of work to encourage sector specific training and a better understanding of the local political, economic and social environment.
- d) It intends to ensure auditor appointments take account of existing joint working and shared services arrangements.
- e) The PSAA will manage the contract, proactively seeking feedback on its auditors from authorities, and will continue to have a clear complaints process in place.
- f) It will consult authorities on individual auditor appointments albeit within the bounds of ensuring such appointments are wholly independent.

3.0 KEY IMPLICATIONS

a) Advantages:

- i. A sector-led body can achieve economies of scale and standards of quality in the procurement process and throughout the duration of the contract that would be much more difficult to consistently achieve as a single authority.
- ii. It will bring a level of expertise to the procurement and management of the contract that would be impossible to replicate within an individual authority.
- iii. We can be assured of speedily receiving the very latest updates on industry developments.
- iv. Any conflicts with an appointed auditor can be independently mediated and if necessary a replacement can be appointed quickly.
- v. Quality assurance will be actively monitored and managed by the PSAA.

b) Disadvantages:

- i. There might be concerns in some quarters that there would be less opportunity to have a fully bespoke contract. However, in reality, given the legislative requirements governing auditor appointments, the scope for a truly bespoke contract is fairly narrow.

4.0 FINANCIAL IMPLICATIONS

- 4.1 It is free to opt in. The costs of procurement will be covered in the price of the contracts, which will not be known at this stage. As stated earlier, due to economies of scale the price is expected to be considerably lower than going to the market as a single authority (or even as a joint exercise with another authority).
- 4.2 There will be a scale of charges and the price for each public body will, inter alia, be dependent on size. NWLDC's current auditor is KPMG and the cost of the contract is £50.5k. There are other fees payable in relation to certification of grants claims and assurance work; this amounted to £17k last year.