NorthWest LEICESTERSHIRE DISTRICT COUNCIL

at the heart of the National Forest

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

Time/Date	6.30 pm on TUESDAY, 27 FEBRUARY 2018
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

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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 meetings of the Council held on 21 November 2017 and 23 January 2018.	**3 - 26**
10.	**BUDGET AND COUNCIL TAX 2018/19**	
	Report of the Head of Finance Presented by the Corporate Portfolio Holder	**27 - 130**
11.	**THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19 AND PRUDENTIAL INDICATORS 2018/19 TO 2020/21**	
	Report of the Head of Finance Presented by the Corporate Portfolio Holder	**131 - 156**
12.	**NOTIFICATION OF AN URGENT DECISION - BUSINESS RATES RETENTION PILOT BID**	
	Report of the Chief Executive Presented by the Leader	**157 - 158**

MINUTES of a meeting of the COUNCIL held in the Council Chamber, Council Offices, Coalville on TUESDAY, 21 NOVEMBER 2017

Present: Councillor V Richichi (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 Cotterill, J G Coxon, D Everitt, F Fenning, J Geary, S Gillard, T Gillard, L Goacher, D Harrison, G Hoult, J Hoult, R Johnson, G Jones, S McKendrick, K Merrie MBE, P Purver, N J Rushton, A C Saffell, S Sheahan, N Smith, A V Smith MBE, M Specht, D J Stevenson and M B Wyatt

Officers: Ms T Ashe, T Galloway, Mr G Jones, Mrs L Scott and Miss E Warhurst

39. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors T Eynon, J Legrys and T J Pendleton.

40. DECLARATION OF INTERESTS

Councillors R Adams and S Sheahan declared a non-pecuniary interest in item 7 – Motions, as members of UNISON.

Councillor M Specht declared a non-pecuniary interest in item 10 – North West Leicestershire Local Plan, as Chairman of Coleorton Parish Council.

Councillor R Johnson declared a non-pecuniary interest in item 10 – North West Leicestershire Local Plan, as Chairman of Hugglescote and Donington le Heath Parish Council.

Councillor J Cotterill declared a non-pecuniary interest in item 10 – North West Leicestershire Local Plan, as Deputy Chairman of Coleorton Parish Council.

Councillor R Adams was advised that he was not required to declare an interest in item 13 – Leisure Services Project, as a member of Whitwick Parish Council.

41. CHAIRMAN'S ANNOUNCEMENTS

The Chairman highlighted numerous events he had attended since the last meeting of Council, including the Rainbows open day, the Coalville Colour Run, the Ashby Statutes event for special needs children, the Poppy Appeal, the Rural Achievement Awards which saw Measham receive an award, various charity events, the Remembrance Day service and the opening of the Famous 50 exhibition.

The Chairman announced that a Civic Carol Service would be taking place this year for the first time in a number of years.

42. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

Councillor R Blunt welcomed Paul Sanders, the new Head of Community Services, to the Council.

Councillor R Blunt announced that he was honoured to sign the Dying to Work charter on behalf of the Council last week. The charter reinforced the Council's commitment to staff who had been diagnosed with a terminal illness. He recognised that it was only possible for the people who work for us to be able to put the customer at the heart at everything they do when they felt valued. One way this could be done was by ensuring that, at a

time when one or our employees was rocked by life-changing news, such as a terminal diagnosis, that they knew one area or their life would be constant, in terms of support and concern tor their wellbeing. He added that work mattered to people, as in addition to providing an income, work also provided meaning, a sense of identity, structure and a feeling of being part of a team. Whilst some employees with a terminal illness may choose not to work, for others there may actually be comfort, a sense of security and a feeling of normality in continuing to work. The Council would aim to honour the wishes of employees and to provide support and understanding at a difficult time in their lives rather than generating additional stress and avoidable anxiety. He felt that the charter would make a real difference to people's ability to have a choice, at a time when they feel there is no choice.

Councillor R Blunt announced that on Friday 24 November the Council would open its doors to around 60 children and young people for the first time to take part in the Children's Commissioners annual event aimed at giving a voice to young people and an insight into the different jobs within the Council. The pupils will go behind the scenes at both the Council Offices and at Hermitage Leisure Centre for a day of inventive and interactive fun designed to help them learn more about the world of work. Students from Belvoirdale Primary School, King Edward VII College and Ibstock Community College will take on a number of challenges and scenarios set by the Council's various services. Amongst other things, the students will help to manage Hermitage Leisure Centre for the day, inspect a kitchen suspected of failing in food hygiene, create an emergency plan and respond following a local crisis, investigate a fly tip, spotting the clues and catching the culprit, decide on a planning application, and hold a planning committee to make the final decision, and take over the Council's social media accounts and write a press release about the day.
This is the first time the Council has taken part in the Takeover Challenge, which has been hugely successful on a national scale in helping children to learn new skills, get creative and gain confidence. He felt that the Council could learn a lot from the day too, as young people should always have a voice and he had no doubt they would come up with some interesting ideas during the day.

Councillor R Blunt reminded members that the Coalville project was never just about the regeneration of buildings and infrastructure – it was also about the cultural offer and the events that brought the community closer together. Over the last few weeks, that had never been more visible than in the Remembrance day parade and service which saw 3,000 people take time out to remember and commemorate the sacrifice that so many gave for us. He reported that the Coalville heroes had worked tirelessly with the community to bring together the Famous 50 exhibition in the market which remembered the first 50 volunteer soldiers from Coalville. There were so many members of the community and relatives of those who lost their lives who had come together to bring this story to life and there had been 1500 visitors to the exhibition so far. He urged members to take the time to visit while it is here until 2 December.

Councillor R Blunt announced that preparations were being finalised for the Christmas in Coalville event on 2 December which was bigger and better than last year. The event had been extended into Memorial square this year with an additional large Christmas tree in Marlborough square and lots of activities with a fireworks finale at 5pm.

Councillor S Sheahan joined Councillor R Blunt in welcoming Paul Sanders to the Council and he looked forward to working with him. He very much welcomed involving young people in any way possible and felt this was in everyone's interest. He felt that the Dying to Work charter was a great initiative which had been started by the GMB union. He thanked Councillor R Blunt for implementing this.

Councillor M B Wyatt requested an update on the old bus depot as part of the Coalville Project. He commented that nothing had happened for several months.

Councillor R Blunt responded that work was ongoing, the Council was in discussions with the owner and a meeting was due to take place next week. He added that the Council was doing everything in its power to progress this matter, however he was unable to give any further details publicly due to commercial confidentiality. .

Councillor A V Smith announced that Ashby de la Zouch was celebrating its Purple Flag Award with a whole day of celebrations this weekend. She explained that Purple Flag was like the Green Flag for parks and the Blue Flag for beaches. It was recognition by the Association of Town Centres that Ashby had an excellent and safe nightlife, and put simply, it was a good night out. To celebrate receiving the accreditation, bars, restaurants and venues had a variety of events and offers available to the public on Saturday 25 November - Ashby would be turning purple. She stated that this was a fantastic achievement for Ashby and something the whole town could be very proud of. The pubs, bars, clubs and restaurants in Ashby worked very hard alongside the district and town councils, the police, Pubwatch and the street pastors to make it such a vibrant, exciting, but also safe town for an evening out. She hoped people would come to Ashby on Saturday, take part in the purple party and celebrate this accolade for the town. She thanked Cat Ridgway and her team for their work in making this possible.

Councillor A V Smith was pleased to inform Council that work on a new 52-space car park in the heart of Ashby de la Zouch had begun with the demolition of the former health centre building. The new car park on North Street will be ready for spring 2018, and work was ongoing with local businesses and organisations to minimise disruption. The car park was part of the district council's £1.1 million pound contribution to the Ashby Neighbourhood Plan, which aimed to boost the town's culture and leisure offer and celebrate the wealth of attractions it is home to. This development was a prime location for parking, located very close to leisure and cultural attractions in Ashby de la Zouch like the leisure centre and the theatre, as well as the shops on Market Street. As a local business owner and someone who used Ashby as a place to shop and relax, she knew how much this new car park was needed. The additional spaces and redesign of this part of town supported a wider aspiration to support Ashby, which is a vibrant and enjoyable place to be.

Councillor M Specht endorsed Councillor A V Smith's comments as Purple Flag champion. He stated that it had given him great pleasure to receive the award. He expressed special thanks to Cat Ridgway for leading the team and to Ashby Town Council.

Councillor J G Coxon stated that this was great news for Ashby de la Zouch and a great achievement by the team. He added that this was the second award this year for Ashby Town Council, who were the only town council in Leicestershire to achieve 'quality gold' status, which was a good bass to launch any appeal. He was pleased to see that work was progressing on the car park as this had been a long time coming.

Councillor N Clarke congratulated Ashby de la Zouch on the Purple Flag award as this was an excellent achievement. He felt it was important to recognise the contribution from traders, Pubwatch and the street pastors. He also thanked the staff involved. He commended the work done to progress the car park.

43. QUESTION AND ANSWER SESSION

Mr D Bigby put the following question to Councillor A V Smith:

"Many in our Community are concerned that, in order to finance a new Coalville leisure centre, it is proposed to outsource operation of this new facility and Hood Park Leisure Centre in Ashby to the private sector for at least the next 25 years. One major aspect of

concern is the ceding of public accountability over these important community services for a very long period.

Whilst much financial detail of the proposed Project has been kept Confidential, the information that has been made public suggests that the main area of potential saving lies in exemptions from Business Rates and VAT available to an independent trust.
I understand that the Cabinet has recently agreed to a joint bid with the other Leicestershire authorities to take part in a pilot for 100% local retention of Business Rates. Also, in July, the European Court of Justice upheld Ealing Borough Council's appeal that they should be treated in the same way as not-for-profit bodies regarding exemption from VAT for the provision of sporting services and the Government has not yet determined how it will respond to this ruling.

I would therefore ask the following question;
How do these taxation developments affect the Council's business case and wouldn't a combination of 100% Business Rate retention and the potential for either VAT exemption for Council provision of sporting services or the possibility of the new provider losing VAT exemption, negate the main financial justification for outsourcing management of the leisure centres with the associated loss of democratic accountability?"

Councillor A V Smith gave the following response:

"The market for the management of leisure centres on behalf of local authorities in the UK is largely delivered by charitable trusts and NWLDC will, in line with best practice, have a number of strict legal controls in place with a new operator including a contract, lease and service specification that will ensure the highest levels of public accountability throughout the contract period. The Council will also retain a key function to monitor the contract and its performance which will be reported accordingly to the Cabinet and Council. User and stakeholder meetings will also be held at each centre to ensure local accountability for service standards. An indication of the controls that the Council will have includes protection and minimum standards in a number of areas including the following:

- Prices
- Protection for existing user groups
- Opening hours
- Customer care
- Maintenance
- Performance and quality

There are a number of financial benefits to outsourcing the leisure centres which are not derived from Business Rates and VAT exemptions. These will be tested by the tender process itself but in summary operational savings can be attributed a number of areas including the following:

- Increased usage and income from larger more fit for purpose facilities e.g. larger sports hall, swimming pool and gym
- A more commercial approach to operating the leisure centres by an operator that is experienced in maximising revenues from leisure assets
- A more economical building to heat, maintain and operate
- Savings from Council support services

The improved financial position of the Council as a result of the project is due to a combination of factors which include exemptions from Business Rates and VAT, but also an improved income position through improved usage and a saving to the Council in corporate overheads.

We do not yet know the outcome of our joint bid to become a pilot within the 100% Business Rate Retention scheme. If successful, the pilot will be for one year only and after that year, the existing arrangements under the 50% retention scheme will continue until such time the Government rolls out the 100% retention scheme (this date is currently unknown, although it is anticipated to be 2021).

The European Court of Justice's (ECJ) ruling in the Ealing Borough Council case does give rise to some uncertainty as to what the VAT position will be in future. However, this is no different to the possibility of any relevant law being changed at any time. This is because ECJ decisions relate to specific points of European Law that arise in particular court cases. That decision is then interpreted by the English court and applied to the case in front of them only. While the ECJ has pointed out a matter of UK law that is inconsistent with European law, the UK law will stay as it is until parliament changes it or HMRC updates its guidance. In addition, it is not known whether any such change/update will give the Council a VAT exemption on leisure services or remove the provider's exemption. Since the law remains the same for now, despite the ECJ's ruling, and the government's response to the ruling could go in different directions, the business case is based on the law at the moment.

That said, the Council will keep the business case under constant review and will continue to model the financial impact as and when more information is known. The implications of the possible changes will also be discussed with bidders through the tender process to ensure any financial risk is properly managed".

Mr D Bigby stated that there were several significantly different models that could run outsourced leisure centres and very little had been said about this in the published papers. These ranged from using a large private sector company, using a national independent not for profit social enterprise trust, or setting up a bespoke local trust. As a supplementary question, he asked what was the Cabinet's preferred model, and sought assurances that the structure of the bidding organisations would be a material consideration in the procurement process.

Councillor A V Smith responded that the procurement was still in the beginning stages of process, a competitive dialogue was yet to take place and much of the information remained confidential. She added that a final decision had not yet been made and due to commercial confidentiality it was not possible to go into any further details at this stage.

Councillor S Sheahan raised a point of order as he felt it would be appropriate to refer this matter to Policy Development Group. He sought acknowledgement that this could be done.

Councillor A V Smith assured members that Policy Development Group would be involved at all stages of the process.

Councillor M Specht commented that he was quite surprised by this request and he had every confidence that once the options were narrowed down, the matter would be referred back to Policy Development Group for them to make observations.

44. QUESTIONS FROM COUNCILLORS

Councillor D Everitt put the following question to Councillor R D Bayliss:

"A cleaning service for the shared enclosed access to flats has been introduced to tenants of flats in NWLDC including Woodside estate Thringstone. They were sent a letter and a form asking for them to state if they would like to receive the cleaning service at a charge of £5.98 a week. It was stated correctly and made clear that housing benefit will cover the charge for those in receipt of housing benefit. The letter also stated that if tenants chose

not to reply that would count as agreeing to accept the cleaning service. There are however many reasons why a tenant might not reply but still not want the service. This resulted in tenants who are working and not receiving housing benefit who have always kept the area of their front doors clean and tidy and chose not to receive the service being forced with a threat of eviction to accept it. They are being made to pay for a service when other tenants who did not want the service have received a letter stating they would not be required to receive it. On the other hand disabled and other residents who may benefit from this service may find it is denied to them. It is in fact a rent increase as stated in the second letter, for some and not others. This is both undemocratic and unfair for this council to presume to know the views of those tenants who did not care or were unable to reply and use them to influence the result.
Does the Portfolio holder agree with me?

1. That it is unacceptable that tenants are being forced to accept a service the neither need or want following a consultation decided by misappropriating the views of non-participating neighbours?
2. There are 10 blocks of 3 flats on the Woodside estate. How many of these tenants returned the form?
3. How many tenants replied yes?
4. How many replied no?
5. How many did not reply?
6. Do you accept that this council's desire to provide a service for old and disabled tenants who cannot clean the communal area themselves is to be applauded, however the way it has been implemented in Woodside has left some old and disabled without the service but provided it where it is neither needed nor wanted?
7. Is this a service charge as described in the letter offering the service, or is it a rent increase as described in the letter demanding payment for some and not others, damaging tenant cohesion and bringing this council into disrepute?"

Councillor R D Bayliss gave the following response:

"In May 2017, we wrote to 255 tenants who live in flats at 52 blocks across the District advising them that we were considering introducing a communal area cleaning service to help improve the general upkeep and appearance of the estates. The cost of the service would be recovered through the introduction of a new service charge payable by the tenants who benefited. For those in receipt of Housing Benefit the charge would be included as an eligible housing cost and depending on their level of income they could receive help to pay it, if introduced. Tenants were asked to return an attached form if they did not want to receive the new cleaning service. It was determined that if more than 50% of residents in each black did not want the service, it would not be introduced. In total, 103 (40%) responses were received, 102 completed the form stating they did not want the service and one letter from a resident who supported the idea of the Council introducing the service. Following analysis of these results on a block by block basis, the service was subsequently introduced.

The response to the specific questions about the Thringstone blocks are as follows:

1. 57% of the tenants at the Thringstone blocks responded to the survey and the responses were then considered on a block by block basis. This resulted in 5 of the 10 blocks on the estate being removed from the proposed service. Of the remaining 5 blocks, no responses were received from the residents in 3 blocks and 1 response from a resident in each of the remaining two blocks. The approach taken shows that feedback received from tenants was used to inform where the service was introduced.
2. 17 tenants returned the form.
3. Tenants were asked to return the form if they did not want the service. No responses were received saying they wanted the service, as none were requested.
4. 17 tenants replied saying they did not want the service.

5. 13 tenants did not respond.
6. The decision to include the blocks of flats in the communal cleaning contact was to introduce a new service available for tenants to help improve the general upkeep and appearance of the estates. The views of tenants were used to inform where the service was introduced.
7. Where the service has been introduced, a new service charge has been applied. As with all other service charges, for the purpose of collection, it is included with the weekly rent. Any variation of the rent and/or service charge is subject to four weeks prior notification and for legal reasons by the tenants remaining in the property at the end of the four weeks notification, they become liable to pay the new charges.

The approach we have taken shows we have listened to the feedback from our tenants and the new charge has been applied to only those tenants who are benefitting from the service.

In addition to introducing the new cleaning service to enhance the environment of the estate, we have recently completed Phase 1 of an estate improvement programme. This has seen the communal stairwells for all 10 of the blocks of flats completely refurbished and upgraded, with new windows and redecoration. Phase 2 is currently being commissioned and will see the external fabric of tenants homes redecorated across the estate, with Phase 3 to follow by upgrading the communal parking areas and exploring the opportunities for new build on in-fill sites.

This represents a significant investment by the Council in upgrading the Woodside estate, and the communal cleaning service forms an important part of protecting that investment".

Councillor D Everitt commented that the reply made his case and demonstrated how unpopular implementing the services charges had been. He referred to various examples of tenants who did not want the service and added that the service was absolutely unnecessary and had been unfairly implemented.

The Chairman asked Councillor D Everitt to put his supplementary question rather than make a speech.

As a supplementary question, Councillor D Everitt asked if Councillor R D Bayliss agreed with his feelings that it was stupid to suggest that by not responding, the tenants were in agreement, and that it was not moral to have used this to decide whether or not the tenants needed to pay the service charge. He concluded that it was out of order to treat people like that.

Councillor R D Bayliss responded that the fact of the matter was that the tenants had been asked, and a non-response either had to be taken as an objection, or as no objection. He concluded that the entire process was above board.

Councillor R Adams put the following question to Councillor A V Smith on behalf of Councillor J Legrys:

"I have been asked on a number of occasions recently why NWLDC do not use the Council's bylaws to control unauthorised incursions and overnight camping within its car parks. Many people feel that the use of the bylaws would provide a cheaper and a speedier solution to long-term incursion on council owned land. Bylaws are available for immediate action by NWLDC enforcement staff. Instead recent incursions have shown that a considerable amount of time is required to move unauthorised overnight camping by using more drawn out processes. People are angry that they have been fined if they overstay or park inappropriately within the car parks, but others appear to get away with no fine or retribution. It may be that UK law requires a specific statutory process to remove long-term incursion from council owned land".

Councillor A V Smith gave the following response:

“The Council’s car parks are governed by the Car Parking Orders under the Traffic Management Act 2004 and Road Traffic Regulation Act 1984. There are no Bylaws in place.

Whilst the Car Parking order contains provisions in relation to the removal of vehicles, those provisions only relate to vehicles as defined in the order, namely mechanically propelled vehicles up to a maximum weight of 3500kg. A caravan that is unhitched from the towing vehicle is not deemed to be a vehicle and a PCN cannot be issued to it for any contraventions of the Car Park Order.

As a public authority the Council has statutory duties under the Equality Act 2010 and the Human Rights Act 1998 and when a number of vehicles with Caravans arrive and are occupied this is deemed an illegal encampment. Before an eviction can be considered the Council has a statutory duty to assess the health, welfare and social needs of the occupants.

In order to successfully manage illegal encampments within the District the Council is a party to the Multi Agency Traveller Unit (MATU), which is a specialist unit comprising travellers liaison officers, health workers and the police who conduct the appropriate enquiries on behalf of the Council and are authorised to use their powers to evict those residing in illegal encampments”.

Councillor A V Smith advised that a meeting was taking place at the beginning of December to ascertain what measures could be taken to try and resolve some of these problems.

Councillor J Geary put the following question to Councillor A V Smith:

“Since the Fouling of Land by Dogs Order came into force in 2008, could you please inform me of the number of people that to date have been fined for not cleaning up after their dogs. Could you also please supply figures for people that have been fined or prosecuted for fly tipping or dropping litter in our streets and public places since April 2016”.

Councillor A V Smith gave the following response:

“The Fouling of Land by Dogs legislation has now been replaced by the Anti-social Behaviour, Crime and Policing Act 2014. (ASB Act).

The existing Dog Control Orders expired on 17th October 2017 and automatically convert to Public Spaces Protection Orders (PSPOs) under the ASB Act. However, the Council’s Environmental Protection Team has undertaken a public consultation exercise to review the previous orders and this was concluded on 25th October 2017.

The Lead Enforcement Officer is now compiling a report based on the responses received which will lead to the formal adoption of a new set of PSPOs by 31 March 2018. These remain in place for a maximum of 3 years when the Council will have to review and if required re new. There is no requirement for further consultation unless they require changing. The review continues every 3 years.

If members require further information on the orders please contact Clare Proudfoot – Environmental Protection Team Manager.

Electronic records begin in 2010 for the number of Fixed Penalty Notices (FPNs) issued for littering, fly tipping and dog fouling combined as follows:-

2010/11 – 113
2011/12 – 91
2012/13 – 96
2013/14 – 104
2014/15 – 46
2015/16 – 15

Since April 2016 the Team now records the FPNs separately by offence. April 2016 to date, dog fouling – 5
Littering and Fly tipping FPN's since April 2016 to date – 96 plus 1 prosecution (Fly tipping)

Since apprehending offenders for dog fouling is notoriously difficult the Team have introduced the following proactive measures to catch offenders and educate the Public regarding dog fouling:-

- school education (assemblies and workshops)
- improved larger signage
- stencilling on pavements at hot spot areas
- letter drops to residents near to hotspot areas
- meet and greet parents at schools
- flag and tag (spraying) the fouling on grassed areas
- campaigns including Dog Watch winners 2016 Keep Britain Tidy innovation award and MJ award for innovation
- Dog Watch Schools premises officers provided with stencil kit and signs for school
- Dog Watch Stop Foul Play for marked pitches in the district
- Dog Watch Rural combating and preventing dog fouling on Private land in particular raising awareness of neospora parasite in dog faeces that causes abortion in livestock.
- talking signs
- "Report It" cards
- Patrols
- visiting suspected offenders
- Overt observations including CCTV (commenced in February 2017)
- Providing Parish Councils (at their request) with their own Dog Watch stencilling kit"

Councillor J Geary thanked Councillor A V Smith for a full and comprehensive reply. As a supplementary question, he referred to the increase in the number of prosecutions and penalty notices issued since 2015/16, and asked whether Councillor A V Smith could guarantee this increase would continue.

Councillor A V Smith responded that this could not be guaranteed, as if everyone picked up after their dog and did not fly tip, there would be no prosecutions and fixed penalty notices. She added however that the team would continue to do its best and were doing a wonderful job.

45. MOTIONS

Councillor S Sheahan moved the following motion:

"(a) That this Council:

i. notes the National Joint Council (NJC) pay claim for 2018, submitted by UNISON,GMB and Unite on behalf of council and school workers and calls for the immediate end of public sector pay restraint with claims referred to an appropriate sector pay review body;

ii. recognises the sacrifice made by public sector workers during seven years of wage restraint and the ongoing cuts to local government funding and calls on the Government to provide additional funding to fund a decent pay rise for NJC employees and the pay spine review.

(b) That this Council therefore resolves to:

i. call immediately on the LGA to make urgent representations to the Government to fund the NJC claim and the pay spine review and notify us of their action in this regard;

ii. write to the Prime Minister and Chancellor seeking additional funding to fund a decent pay rise and the pay spine review;

iii. meet with local NJC union representatives to discuss the pay claim and the pay spine review."

Councillor S Sheahan stated that the motion was part of a national campaign by the Trade Unions and he was pleased to put it forward. He added that the same motion had been put to Leicestershire County Council and he understood a very similar amendment would be put forward later in the debate. He summarised that austerity had gone on for a very long time, wages had not kept pace with inflation and the Council had a moral duty to recognise the sacrifice made by its staff.

The motion was seconded by Councillor N Clarke. He stated that there was a growing appetite in the country towards a decent pay rise for council and school workers and supporting this motion in its entirety would help give the government more confidence to make the right decision. He believed people were realising the benefits to all by giving a decent pay rise to public sector workers, which would boost retention rates, morale and performance. He concluded that the benefits outweighed the costs and he urged all members to support the motion.

Councillor R Blunt moved the following amendment to the motion:

"That this Council:-

i. notes the National Joint Council (NJC) pay claim for 2018, submitted by UNISON,GMB and Unite on behalf of council and school workers and calls for the immediate end of public sector pay restraint with claims referred to an appropriate sector pay review body;

ii. notes the sacrifice made by public sector workers during seven years of wage restraint and the ongoing cuts to local government funding;

iii. calls on the Government to fully fund any agreed pay rise for NJC employees and the pay spine review to avoid further reductions in services".

Councillor R Blunt stated that he was very sympathetic to the impact of pay restraint over the past 7 years. He reminded members that every 1% pay increase added an additional £190,000 to the budget and this had to be paid for somehow. He added that the Council

had adopted the living wage which had benefitted the lowest paid employees and this was a voluntary decision.

Councillor A V Smith seconded the motion and reserved her comments.

Councillor S Sheahan felt that the original motion was superior to the amendment and therefore he would vote against it; however he would support the amendment if it became the substantive motion.

The Chairman then put the amendment to the vote and it was declared CARRIED.

The Chairman then put the substantive motion to the vote and it was declared unanimously CARRIED.

It was therefore

RESOLVED THAT:

a) The National Joint Council (NJC) pay claim for 2018, submitted by UNISON,GMB and Unite on behalf of council and school workers be noted;

b) Council calls for the immediate end of public sector pay restraint with claims referred to an appropriate sector pay review body;

c) The sacrifice made by public sector workers during seven years of wage restraint and the ongoing cuts to local government funding be noted;

d) Council calls on the Government to fully fund any agreed pay rise for NJC employees and the pay spine review to avoid further reductions in services"

46. PETITIONS

No petitions were received.

47. MINUTES

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

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

RESOLVED THAT:

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

48. NORTH WEST LEICESTERSHIRE LOCAL PLAN

Councillor R Blunt presented the report to members and was pleased that Council was asked to formally adopt the Local Plan as it had been a long time in the making. He reminded members that the plan allocated land to meet the district's development needs during the period up to 2031. This would give the Council an element of control over where new development happens, and would help prevent inappropriate or unsustainable development. He highlighted that the Council was currently winning many more planning appeals than previously, and that was because independent inspectors were taking the new plan, and the very healthy supply of housing land with planning permission, into account when deciding appeals. He added that the healthy housing land supply, in particular, had been hard won. He acknowledged that Planning Committee Members had been asked to make tough choices over the last few years, and those difficult decisions

were now translating into new homes on the one hand, and a healthy five year supply to allow the Council to defend appeals on the other. He emphasised the importance of maintaining housing land supply and urged members not to be complacent as this hard won position of strength was very easily lost, and once lost, was doubly difficult to regain.

Councillor R Blunt stated that the up to date Local Plan gave the Council a reputation as an authority that had delivered and this track record would help us bid for funding for better infrastructure to support our growth. He added that North West Leicestershire was a district that was open for business and would continue to support developers of new homes, jobs and infrastructure in our shared ambitions for the district. However the plan would help ensure quality homes were built in the right place. Local people and businesses would benefit, and new residents and businesses would be attracted to the area. He added that the Local Plan recognised the need to ensure planning contributes to enhancing the natural environment by making best use of green spaces for recreation and leisure, providing routes for walking and cycling, supporting wildlife and helping manage flooding.

Councillor R Blunt explained that the Local plan would continue to protect the green wedge between Coalville and Whitwick. Inspectors accepted the argument that to allow the unwanted and unnecessary housing development within the area of separation would be tantamount to precluding the south east Coalville major urban extension. He reported that viable, implementable planning permissions were within reach to deliver the flagship sustainable urban extension. He added that the growth in Coalville provided an opportunity for further regeneration within the town centre with the increased spending power new residents would bring to the town. He acknowledged however the importance of continuing the drive to improve the offer Coalville provides through leisure activities, night-time economy and the retail offer.

Councillor R Blunt reminded members that the Local Plan was not only about Coalville, but was about each and every community across the district, all of which had a unique offer. He made reference to the road changes underway at Ashby de la Zouch to improve the accessibility to the town, the striking new M&S food store and the permission granted for the first phase of the Money Hill scheme. He also referred to the Roxhill development at the Strategic Rail Freight Interchange in the northern parishes, which would provide more than seven thousand new jobs, as well as the long awaited new bypass for Kegworth which was already under construction. The road improvements at Kegworth would tie into the new SMART motorway works which Highways England was currently putting in place. This reflected our location within the logistics golden triangle, and the draft strategic growth plan recognised the potential for high quality housing to support those new jobs and infrastructure. He emphasised the importance of working with parishes around this area of significant development to ensure their town and village centres thrived in a changing landscape.

Councillor R Blunt was pleased that the plan had been prepared with active cross-party support, for instance Councillor J Legrys was in the chair at the Local Plan Advisory Committee when it resolved to recommend to Council that the plan be published and then submitted to the secretary of state. He reminded members that submission of the plan was the point of no return, and felt it was fitting that Councillor J Legrys was in the chair for that decision.

Councillor R Blunt thanked each and every member and officer who had contributed to the development of the Local Plan which he knew had been a significant amount of work. He gave special thanks to Councillor T J Pendleton, whose stewardship of the Regeneration and Planning portfolio continued to deliver for the district. He commended his professionalism and enthusiasm.

Councillor R Blunt moved the recommendations set out in the report, that the new Local Plan for North West Leicestershire be adopted.

The motion was seconded by Councillor J Bridges. He stated that the Local Plan gave more stability to the area. He referred to the cross party work of the Local Plan Advisory Committee which had sought comments from the parishes to ensure the Local Plan was robust. He stated that the situation was evolving and this was just the start. He added that the Council was a victim of its own success, as people wanted to live in and work in the district and employment was growing, however he believed the plan had been created with enough flexibility to control growth on behalf of the people of North West Leicestershire.

Councillor S Sheahan reiterated that the Local Plan had been a long time coming and was greatly needed. He hoped it would balance the needs of businesses with environmental concerns whilst proving the necessary infrastructure. He thanked all involved in producing the plan.

Councillor M B Wyatt stated that he did not recognise or support the Local Plan due to being denied the right to take part in the process.

Councillor M Specht expressed disappointment that only part of the village of Coleorton would now be considered sustainable under the new Local Plan. He added that the limits to development were not being extended. He felt this was contrary to the demand for more housing and the golden triangle of sustainability. He asked officers to explain how services could be sustained when organic growth was being strangled.

Councillor K Merrie thanked everybody involved in the creation of the Local Plan. He added that work could now progress with the Ellistown and Battleflat neighbourhood plan.

Councillor A C Saffell expressed concerns in respect of the heritage of the area. He referred to the comments which had been made and incorporated at the enquiry stage, which had subsequently been removed. He expressed disappointment that the inspector had changed his mind following the enquiry.

Councillor D J Stevenson commented that as Chairman of the Planning Committee, nobody could be more grateful for the adoption of the Local Plan than himself. He referred to the difficulties experienced by the Planning Committee and he hoped this would ease the situation.

Councillor J G Coxon welcomed the Local Plan and recognised the amount of work that went into producing it. He hoped that adoption of the Local Plan would help regularise some of the planning applications coming forward.

Councillor R Blunt thanked Councillor J Bridges for his positive comments. He advised Councillor M Specht he would receive a response to his very detailed question after the meeting. He stated that he shared Councillor A C Saffell's disappointment in respect of the points raised relating to heritage. He commended Councillor D J Stevenson and said that his role as Chairman of the Planning Committee was incredibly valued, and he hoped the adoption of the Local Plan would ease the situation. He confirmed that more funding would be allocated in the budget to Planning Enforcement.

The Chairman then put the motion to the vote and it was

RESOLVED THAT:

a) The Inspector's report and his recommendations to make the Local Plan sound be accepted, as set out in Appendix A of this report;

b) The additional modifications be approved as set out in Appendix C of this report, subject to any amendments recommended in Appendix D of this report;

c) Authority be delegated to the Strategic Director of Place in consultation with the Portfolio Holder for Regeneration and Planning to make any further additional modifications to address typographical errors or factual corrections;

d) The policies map be amended to take account of any consequential changes arising from the main or additional modifications;

e) The North West Leicestershire Local Plan be adopted as set out in Appendix E of this report;

f) An adoption statement and the final sustainability appraisal report be issued in accordance with Regulations 17 and 26 of the Town and Country Planning (Local Planning) Regulations 2012; and

Officers be authorised to commence work on a review of the Local Plan within 3 months of the adoption of the Local Plan.

49. POLICY DEVELOPMENT GROUP ANNUAL REPORT

Councillor M Specht presented the report to members as Chairman of the Policy Development Group. He thanked all members of Policy Development Group for their sterling cross-party work and input over the last 12 months. He stated that he met regularly with senior officers to consider the work programme. He added that Policy Development Group had a clear purpose with clarity on call-in arrangements and made reference to the terms of reference set out in the report. He also mentioned the proposal to increase the number of meetings from 4 per annum to 6. He outlined the issues considered by Policy Development Group in the last year as set out in the report.

Councillor J Geary stated that the Labour Party had always been in favour of strong and meaningful scrutiny. He expressed concerns in respect of the call-in arrangements which allowed a maximum of 4 call-ins per year and prevented a member from signing a further call-in request for a period of 3 months. He understood that the reason for these restrictions were to prevent abuse of the call-in process, however there had been no record of this taking place. He felt that these restrictions detracted from open scrutiny and he would like to see them removed in future.

Councillor R Blunt expressed thanks to Councillor M Specht and his ability to chair the meeting and command respect from both sides. He referred to the point raised by Councillor J Geary in respect of the restrictions on call-in and said that he was not aware of a reason for these restrictions.

Councillor N Clarke thanked Councillor M Specht for chairing the meetings well.

Councillor M Specht suggested that the restrictions on call-in could be considered by Policy Development Group at a future meeting.

It was moved by Councillor M Specht, seconded by Councillor J Geary and

RESOLVED THAT:

The Annual Report be received and endorsed.

50. UPDATE TO THE COUNCIL'S CONSTITUTION

Councillor N J Rushton presented the report to members. He stated that the proposals would facilitate an increase in the number of Policy Development Group meetings, and would amend the definition of a Key Decision to increase the amount of decisions taken on contracts considered as business as usual. He commented that this was not a significant change and the Contract Procedure Rules would be amended to reduce bureaucracy.

Councillor T Gillard felt that the proposals were good for scrutiny.

Councillor A C Saffell made reference the page 77 of the agenda and at the meeting of Policy Development Group he had pointed out the Constitution itself was very bloated and with every alteration it became longer. He added that some of the repetitive items needed to be removed. The Deputy Monitoring Officer had invited him to highlight those parts which should be removed and he was in the process of doing so.

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

RESOLVED THAT:

a) The amendments to the Constitution be approved as set out in paragraph 3.6, 4.8 and 4.12 of the report and as set out in appendices 1-3 of the report to Policy Development Group.

The Head of Legal and Support Services be authorised to make the agreed amendments and any consequential amendments to the Constitution and re-issue the document.

51. LEISURE SERVICES PROJECT

Councillor A V Smith presented the report to members, emphasising the scope and scale of the project, the approval of which would require the highest level of oversight, as it would undoubtedly have an impact upon the Council's budget and service delivery for years to come. She added that it also triggered the Head of Paid Service's duty under Section 4 of the Local Government and Housing Act 1989 to report to all members of the Council on changes to the exercise of Council functions. She made reference to report to Cabinet on 1 November and the decisions and recommendations made at that meeting. She stated that it would not come as a surprise to members of council or the general public to hear that a project the scale and size of the leisure project represented a significant financial investment for the council and a considerable amount of time and resources had been expended on making sure the figures stacked up. She added that due to the commercially sensitive nature of the financial implications associated with the outsourcing business case, it was necessary that the detailed financial information regarding the project's affordability modelling, funding proposals and impact on the council were restricted and as such they were presented in the confidential Appendix A which accompanies the report.

Councillor A V Smith advised that in arriving at a decision to proceed with the A511 site, Cabinet had regard to information from detailed site investigations and surveys carried out by the specialist building consultancy group CBRE, which included intrusive ground investigations, ecological assessments, traffic surveys and highways and vehicular access. Cabinet had commissioned this work to provide confidence to the Council in making the next key decisions in the project.

Councillor A V Smith stated that the reasons for building a new leisure centre were many and varied but in short the existing 40 year old leisure centre at the Hermitage site, whilst popular and well used, was increasingly unable to meet the expectations as well as the

current and future demands of the 21st century leisure user. The sports hall, swimming pool and the fitness suite were all too small to meet current demand and an increasing number of customers were becoming frustrated at the difficulties they were experiencing when trying to book facilities which had resulted in some users moving to use facilities elsewhere. The proposed new leisure centre with its enhanced facilities and services on offer would not only address the issue of current and future demand but would also play a critical role in achieving the Council's vision, contributing to delivery of the Council's five priorities as set out in its Corporate Delivery Plan as well as being a major contributor to the outcomes of the Council's emerging Health and Wellbeing Strategy.

Councillor A V Smith commented however that the proposed outsourcing was not just about building a new facility and she drew members' attention to the fact that the Hood Park Leisure Centre in Ashby was also included in the outsourcing proposal. As such the new operator would also be responsible for the operational management and business development of the building, staff, programmes and activities at Hood Park. She acknowledged that the leisure offer at Hood Park was very different from that provided at the Hermitage Leisure Centre; the lido at Hood Park being a unique and iconic leisure facility and one of only a handful of such pools still operating in the country. She added that the lido was a very well-used facility and provided a leisure experience to residents and visitors that few local authorities were able to offer and she expressed pride of that fact. She added that the preservation and future of the lido would be a key consideration for any incoming operator, and the operator would need to satisfy the Council that there would be an ongoing programme of capital and revenue investment in all aspects of the Hood Park Leisure Centre. This investment would ensure that Hood Park as well as the new leisure centre will continue to develop and improve its leisure offer to users over the 25 years of the contract. She hoped members would agree that the future of the leisure services and the leisure provision in North West Leicestershire was both stimulating and exciting and she commended to Council the recommendations on page 80 of the report.

The motion was seconded by Councillor N J Rushton.

Councillor N J Rushton advised that in July, early financial modelling had estimated that the Council could be £334,000 better off within 40 years as a result of the sports and leisure project. This was based on the Council funding the cost of the new facility using internal funds and saving £200,000 per annum in corporate overheads. Since then, financial consultants Ernst and Young had been engaged to assess the affordability of the project and the likely financial position that the Council could achieve through the sharing of risk and reward within a Design, Build, Operate and Maintain contract.

Councillor N J Rushton explained that in the detailed financial modelling, the main assumptions in respect of the new facility had been derived from the report produced by The Sports Consultancy in 2016. Other key assumptions included that the Council would achieve £200,000 per year savings in corporate overheads and following confirmation from the Council's Actuary, there would be no additional pension costs arising on the transfer of leisure staff to the new operator. The cost of the new facility had been estimated at £19.475 million which included an allowance for current and future inflation. The building would be funded through a mix of internal borrowing from existing reserves, capital receipts from the sale of surplus council owned land, some Section 106 developer contributions and external borrowing; the details of which were covered in the confidential Appendix A and could be discussed in private session.

Councillor N J Rushton reminded Members that any further internal funding committed towards the project would reduce the level of external borrowing required. He advised that two scenarios for the sharing or risk and reward under the DBOM contract had been considered, each of which presented different results in respect of the Council's financial position. Cabinet agreed on 1 November that the preferred financial construct as a stance for negotiations with contractors under the competitive dialogue route was that the

operator received all profits up to 8% of income, but suffered all losses and shared profit with the Council on a 50:50 basis above the 8% income level. He summarised that the financial modelling undertaken had shown that the Council could expect to break even over the 25 year life of the contract and repay the external borrowing. Over the 40 year life of the new facility, the Council could expect to improve its financial position by £3 million.

Councillor S Sheahan thanked officers for their efforts to ensure the proper amount of challenge and scrutiny had been facilitated and particularly for allowing this debate to take part in open session. He added that this meant a lot to the people attending the meeting. He stated that the site had been agreed to in a free vote and this had not been an easy decision. He commented that there was a lot to like, but a lot to be concerned about. He assured members the Labour Group would continue to scrutinise this project closely to ensure the best outcome for the local community.

Councillor M B Wyatt stated that he was not convinced by the business case or the Portfolio Holder that this was the best site to provide benefits to the town centre. He stated that Coalville would not benefit from this location. He stated that he could not support the recommendations and commented that the administration seemed to be more interested in privatisation than supporting the town which continued to decline.

Councillor F Fenning stated that he was not persuaded he could support the recommendations. He added that he had seen many attempts to re-galvanise Coalville. He commented that the proposal would reduce the total number of staff by 30% and he expressed concerns about the impact this would have on service provision. He referred to staff losses in other areas.

Councillor D Harrison sought to raise a point of order that the comments made were too detailed and negative.

The Chairman stated that he was happy to accept all comments that did not relate to the financial detail in the confidential section of the report. He asked Councillor F Fenning to continue.

Councillor F Fenning stated that he had a leisure centre in his area and he expressed concerns that there would be insufficient staff to support it. He also expressed concerns regarding the loss of income and the lack of control.

Councillor M Specht commented that he did not recall Councillor M B Wyatt declaring an interest as a business owner. He felt that the new Leisure Centre was not going to be a major factor in the economy, however it would provide a state of the art, fit for purpose facility to benefit residents across North West Leicestershire. He added that any member who had visited the Leisure Centre at Hinckley could not fail to have been impressed by the facilities, location and staff. He referred to the news report about Whitwick this morning regarding air pollution in Leicestershire. He reminded members that when the Leisure Centre had been built some 40 years ago there were less cars on the street, and now it was a nightmare to get to and from it. He commended everyone involved in putting the report together.

Councillor N Smith felt that this was an exciting opportunity for North West Leicestershire as the existing Leisure Centre was out of date and was of an insufficient size for events. He added that leisure today was a business and this was best run by the professionals. He commented that he was aware that colleagues in the Northern Parishes would like a leisure centre but in reality this would not be viable due to the number of health clubs in hotels. He urged members to support the proposals.

Councillor D Harrison stated that this was a great moment for North West Leicestershire and members ought to be proud. He made reference to the major financial commitment

and the huge benefits the new Leisure Centre would bring to North West Leicestershire and to Coalville in particular. He felt that the location was fantastic, particularly for Whitwick as this facility would still be provided in the community and would prevent residential development on the green wedge.
He made reference to the concerns raised regarding the loss of staff and commented that they would have a lovely working environment and the Council would retain control. He complimented the Leader and Deputy Leader on their resilience in progressing this project. He also complimented the Chief Executive and her team.

Councillor R Canny commented that committing such a large amount of money to one project was brave and courageous and she commended the proposals. She made reference to the small swimming pool in Castle Donington which sadly had lost support once the school became an academy. She stated that people in Castle Donington would not be able to catch a bus to visit the Leisure Centre and there were lots of ordinary people in Castle Donington who could not afford to use the health clubs in hotels. She urged members to consider the future in Castle Donington as the area had taken a lot of development.

Councillor G Jones commented that location was key and was why this project would be a success.

Councillor N Clarke felt that the proposals were a great benefit for the town. He added that Hermitage Leisure Centre was tired, and as it was not possible to redevelop it, a new facility was the right option. He stated that the investment in the project was huge and the Labour Group were cautious about the risks involved. He thanked the Chief Executive for taking on board many of the comments made. He made reference to the sale of land at Cropston Drive and he hoped that the eventual developer would provide 20% affordable housing and that the Council would pursue this. He stated that this land was originally for Council housing and the developer should recognise that. He thanked the Leader and Chief Executive for addressing the issue of 0 hour contracts. He welcomed the removal of the sale of the land at Hermitage Leisure Centre from the scope of the project.

Councillor J G Coxon commented on the uniqueness of Hood Park and was pleased the Council was showing an interest in it. He welcomed the creation of the leisure quarter in Ashby as well as the new car park. He felt that a rebranding of the Leisure Centre should be considered as many did not recognise the significance of the name Hood Park.

Councillor D Everitt felt the location was excellent and he hoped the town centre would benefit.

Councillor R Blunt thanked members for an excellent debate. He commented that the administration took the idea of outsourcing staff very seriously indeed and added that not a single post had been outsourced in the 10 years he had been Leader of the Council and he expressed pride at retaining services in-house. He believed however that at this stage, the benefits outweighed the impacts. He stated that scrutiny of this major investment from all parties was welcomed.

In response to the comments made by members, Councillor R Blunt stated that 30% of staff in Ibstock were not being lost, but being transferred. He reminded members that leisure was a discretionary service and this project provided a once in a lifetime opportunity to safeguard this service in the face of future funding worries. He emphasised the importance of ensuring appropriate development of the land at Cropston Drive which was in the Council's control. He thanked members for their support of the project.

Councillor N J Rushton reminded members that the Council aimed to provide the best possible services with the funding that was available, and the new Leisure Centre would be managed in partnership. He added that spending £20 million was a big decision which

was why the location was of prime importance. He said that this was not just a Leisure Centre for Coalville, but for the whole district.

Councillor M B Wyatt expressed concerns regarding the funding sources for the project.

Councillor A V Smith assured members that progress would be reported to Policy Development Group on a regular basis and she assured members that no funding was being diverted from the Coalville Project. She advised that some of the leisure staff were being retained to work at the pools at Ibstock and Measham. She stated that health and wellbeing was a priority, as 25% of the nation were obese and it was important to get people moving and active. She advised that North West Leicestershire were performing well in terms of having a healthy population. She stated that the new Leisure Centre would take 150 car movements out of Whitwick per day and discussions had been taking place around bus services. She commented on the uniqueness of Ashby Lido and discussions around the name of the leisure centre

The Chairman then put the motion to the vote and it was declared CARRIED.

It was

RESOLVED THAT:

a) The financial and affordability model in respect of the project be approved, including the requirement to borrow externally and consequential changes to the budget and policy framework.

b) The outcome of the ground investigations of the A511 site be noted and Cabinet's recommendation that the site be approved as the location for the new Leisure Centre be endorsed.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.31 pm

Chairman's signature

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MINUTES of a meeting of the COUNCIL held in the Council Chamber, Council Offices, Coalville on TUESDAY, 23 JANUARY 2018

Present: Councillor V Richichi (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 Cotterill, J G Coxon, D Everitt, T Eynon, F Fenning, J Geary, S Gillard, T Gillard, L Goacher, D Harrison, G Hoult, J Hoult, R Johnson, G Jones, J Legrys, S McKendrick, K Merrie MBE, P Purver, N J Rushton, A C Saffell, S Sheahan, N Smith, A V Smith MBE, M Specht, D J Stevenson and M B Wyatt

Officers: Mrs M Long, Mrs M Meredith, Mr L Sebastian and Mrs B Smith

52. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor T J Pendleton.

53. DECLARATION OF INTERESTS

Councillors J Legrys and J Geary declared a non-pecuniary interest in item 3 – Corporate Leadership Team Restructure, as members of GMB.

Councillors R Adams, D Everitt and S D Sheahan declared a non-pecuniary interest in item 3 – Corporate Leadership Team Restructure, as members of UNISON.

54. CORPORATE LEADERSHIP TEAM RESTRUCTURE

The Chief Executive presented the report to members, drawing their attention to the proposed senior management structure set out in the report which reflected her understanding of the current working landscape and culture of the Council, the known future financial constraints, the assessment of the current performance of the Council, and the aspirations and ambitions of members for the district.

The Chief Executive made reference to the Council's journey of continuous improvement and stated that whilst recognising how good the organisation currently was, this should never lead to complacency. She highlighted the key drivers for change as set out in report and in particular her views on the role of leadership and the role staff had to play in shaping and driving the organisation, and making real changes for the communities served by the Council. She explained that the aim of the proposed structure was to develop leadership capacity at all levels in the Council. She also outlined the work being undertaken to recognise the importance of team leaders and to devolve decision making to the right levels within the organisation. She acknowledged that this was a fundamental change from a 'command and control' approach to one where staff felt empowered to be part of the solution and the changes being made. She added when staff felt empowered that lead to increased flexibility, improved morale and a feeling of collective responsibility, which also helped to break down silo methods of working. She acknowledged that hierarchical ways of working were essential at times but should never stifle innovation.

The Chief Executive explained that the coaching and mentoring approach the Council had already adopted would be enhanced, which would further encourage the empowerment of staff. She emphasised the need for accountability, which would be ensured via robust performance management in order to maintain effective governance.

The Chief Executive set out the vision for the organisation and the outcomes as set out in the report. She summarised the proposed structural changes, in particular the reduction from 3 directors to 2. She explained that both directors would have a strategic focus and

would both act as Deputy Chief Executive, working across the organisation and having collective oversight of all corporate programmes.

The Chief Executive outlined the proposed changes to the Head of Service level posts, highlighting in particular the drive towards a 'customer first approach' and the emphasis on commercial acumen, developing and valuing staff and transforming the organisation. She explained that she wanted to embed a culture of growing staff and therefore the two new Head of Service roles were recommended to members as career graded posts, which recognised the skills within the organisation and gave people the opportunity to develop. She added that this approach also mitigated the risk of redundancy and the loss of experienced staff from the authority as the existing posts would be deleted from the structure as set out in the report. If members agreed to the proposed structure, approval would be sought from the Appointments Committee regarding the assimilation of the current postholders into the career-graded posts.

The Chief Executive outlined the next steps in the recruitment proves following approval of the structure. She made reference to the anticipated savings for this phase of the restructure which may change during the second phase. She assured members that the overall aim of the proposals was to reduce expenditure. She advised that if members did not agree to assimilate officers into the proposed new structure, this would present a potential redundancy cost of around £127,000 which would have to be found from reserves and could result in a loss of experienced staff from the authority.

Councillor R Blunt stated that everyone in the room could be proud of the Council. He acknowledged that the Council needed to better in some areas, including customer focus and self-sufficiency. He applauded the creation of leaders throughout the organisation.

Councillor S Sheahan thanked the Chief Executive for the work she had undertaken to bring the proposals to this stage. He commented that he would have liked to have heard more about the major departure in leadership style after 10 years of a different style of leadership.

Councillor R Blunt responded that the Chief Executive as Head of Paid Service implemented the structure that suited her and it would be wrong of him to say that one structure was better than another. He added that this issue should not be a political matter. He welcomed the increased support for staff and urged members to support the proposals.

Councillor J Legrys welcomed the proposals and the dissemination of leadership throughout the organisation. He commented that breaking down silo working was an unenviable task. He expressed disappointment that the career grading did not start at the bottom of the pay grade as manual workers deserved to benefit also. He referred to the recent issues regarding clashes of meetings and felt that more communication was needed between services.

The Chief Executive responded that this was the first time the Council had considered a career graded post and consideration would be given to how this could be spread across the organisation as part of the people plan. She added that she was fully aware of the issues regarding arranging meetings and she was aware that Democratic Services had provided a response.

Councillor T Eynon welcomed the proposals and the new way of making decisions. She was pleased to see that the proposals had been reviewed by the staff and the unions, however she was disappointed that the proposals had not undergone any form of cross-party scrutiny.
Councillor R Blunt emphasised the importance of cross-party support for the proposals.

The Chief Executive stated that she was very supportive of the role of scrutiny. She explained that the proposals had been discussed with opposition members and the Cabinet however she acknowledged that they had not been formally considered by the Policy Development Group.

Councillor K Merrie welcomed the proposals and looked forward to seeing the level of savings that would be made.

Councillor N Smith made reference to the work the legal department had undertaken with other council and asked whether it was envisaged that this work would continue and progress. The Chief Executive reported that part of the report set out the new approach in terms of commercial acumen to identify opportunities and the intention to spread this approach across the organisation. She added that this would involve partnering with the private sector.

Councillor A C Saffell stated that he was fully in agreement with the proposals and congratulated the Chief Executive.

Councillor V Richichi welcomed the focus on the customer and the leadership opportunities being offered to existing staff. He stated that there was a need for a 'customer first' strategy and he hoped to see this implemented fully. He commended the strategy and felt it would be welcomed by the public.

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

RESOLVED THAT:

a) The objectives of the Corporate Leadership Team review be noted.

b) The revised senior management structure as set out in Appendix 1 be approved.

c) Authority be delegated to the Appointments Committee to approve the assimilation of:

   i) The Financial Planning Team Manager (Deputy S151) into the career graded post of Head of Finance (S151);

   ii) The Financial Services Team Manager or the Financial Planning Team Manager (Deputy S151) into the role of Finance Team Manager (Deputy S151);

   iii) The Human Resources Team Manager into the career graded post of Head of HR and Organisational Development as described in paragraph 8.

d) The Monitoring Officer be authorised to make any consequential amendments to the Constitution as a result of this report.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.06 pm

Chairman's initials

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 27 FEBRUARY 2018

Title of Report	**BUDGET AND COUNCIL TAX 2018/19**
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 bev.smith@nwleicestershire.gov.uk Head of Finance (Section 151 Officer) 01530 454707 tracy.ashe@nwleicestershire.gov.uk
Purpose of Report	To allow the Council to approve the 2018/19 budgets and the appropriate Council Tax setting resolution.
Reason for Decision	To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes, and set the Council Tax for 2018/19.
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 Section 151 Officer	As report author the report is satisfactory.
Comments of Deputy Monitoring Officer	The report is satisfactory.
Consultees	Cabinet, Policy Development Group, Representatives of the Business Community, Parish and Town Councils, Staff, Trade Unions
Background Papers	Reports and minutes of Cabinet, 6 February 2018: https://minutes-1.nwleics.gov.uk/ieListDocuments.aspx?CId=126&MId=1558&Ver=4
Recommendations	**COUNCIL IS RECOMMENDED**: **1. TO NOTE THE MEDIUM TERM FINANCIAL STRATEGY APPROVED BY CABINET ON 6 FEBRUARY 2018.** **2. TO NOTE THE S151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES.** **3. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2018/19** **4. TO APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2018/19** **5. TO FREEZE THE DISTRICT COUNCIL TAX IN 2018/19** **6. TO APPROVE THE CREATION OF A NEW SELF-SUFFICIENCY RESERVE** **7. TO APPROVE THE TRANSFER OF £900k OF GENERAL FUND RESERVES AND THE FORECASTED SURPLUS INCOME OVER EXPENDITURE (CURRENTLY POJECTED AT £1.86m) IN 2017/18 TO THE SELF-SUFFICIENCY RESERVE** **8. TO APPROVE THE TRANSFER OFANY SURPLUS INCOME OVER EXPENDITURE IN 2018/19 TO THE SELF SUFFICIENCY RESERVE (CURRENTLY BUDGETED AS £299,000)** **9. TO APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2018/19 BY 1% (AVERAGE OF 79 PENCE PER WEEK).** **10. TO APPROVE THE INCREASE OF 3.9% (25 PENCE PER WEEK) IN GARAGE RENTS FOR 2018/19**

	11. TO APPROVE CENTRAL HEATING CHARGES FOR 2018/19 REMAINING AT THE SAME LEVEL AS FOR 2017/18. **12. TO APPROVE THE AVERAGE INCREASE OF 0.40% (1.6 PENCE PER WEEK) IN SERVICE CHARGE FOR 2018/19.** **13. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 3.9% (£2.04 PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2018/19.** **14. TO APPROVE MAINTAINING THE LIFELINE CHARGES FOR PRIVATE CUSTOMERS AT THE 2017/18 LEVEL AND INCREASING BY 3.9% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2018.** **15. TO APPROVE THE PROPOSED GENERAL FUND, SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES FOR 2018/19 AND PLANNED FINANCING.** **16. TO APPROVE THE VEHICLE REPLACEMENT PROGRAMME FOR 2019/20.** **17. TO APPROVE THE CAPITAL PROGRAMMES 2019/20 – 2022/23 FOR INDICATIVE PURPOSES ONLY.** **18. TO APPROVE THE 2018/19 CAPITAL STRATEGY (IN LINE WITH THE PRUDENTIAL CODE).** **19. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2018/19 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:** **(1) 32,852 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 APPENDIX 6 TABLE AOF 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 2018/19 IN**

	ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED: **(1) <u>DISTRICT / PARISH GROSS EXPENDITURE</u>** **£63,276,299 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (2) OF THE ACT.** **(2) <u>INCOME</u>** **£55,575,013 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.** **(3) <u>DISTRICT / PARISH NET EXPENDITURE</u>** **£7,701,286BEING 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) <u>BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)</u>** **£234.42 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) <u>PARISH PRECEPTS/SPECIAL EXPENSES</u>** **£2,491,616 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.** **(6) <u>BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)</u>** **£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) <u>BASIC AMOUNT OF TAX (PARISHED AREAS)</u>** **THE AMOUNTS LISTED IN COLUMN 5 OF TABLE B APPENDIX 6 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) <u>DISTRICT /PARISH COUNCIL TAX RATES</u>** **THE AMOUNTS SET OUT IN IN TABLE C APPENDIX 6 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. <u>MAJOR PRECEPTING AUTHORITIES</u>** **THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE D APPENDIX 6 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 2018/19 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.** **22. <u>COUNCIL TAX RATES – ALL BANDS</u>** **THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 20(8) (TABLE C APPENDIX 6) AND 21 (TABLE D APPENDIX 6) 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 2018/19 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.** **23. <u>REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u>** **TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2018/19 IS NOT EXCESSIVE.**

1.0 INTRODUCTION

1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2018/19 together with their respective Capital Programmes. In line with Prudential Code 2017 there is a new requirement for members to approve a Capital Strategy alongside the Capital Programme for the forthcoming year.

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

1.2 This action of setting the Council Tax (recommendations 18 to 20) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.

1.3 The Council Tax setting part of this report is based on the assumption that the major precepting bodies of Leicestershire County Council, Leicestershire Fire and Rescue Service and the Police and Crime Commissioner for Leicestershire approve the precepts that the Council has been advised of.

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

1.5 The 2018/19 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by Cabinet on 6 February 2018. The detailed reports are set out as below:

- General Fund and Special Expenses Revenue Budgets – Section 3.
- Housing Revenue Account Budget and Rent decrease – Section 4.
- Capital Programmes – Section 5.
- Council Tax Setting – Section 6.

1.6 Section 2 of this report details the Medium Term Financial Strategy 2018-2023 that was approved by Cabinet on 6 February 2018 (included in Appendix 1a). The Strategy presents a high level, 5 year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the 5 period from April 2018. The strategy promotes self-sufficiency to safeguard the Council's financial position against future central government funding changes whilst also maximising the use of government grant collected.

1.7 Robustness of Estimates and Adequacy of Reserves

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

1.7.2 Taking into account identified risks, the Section 151 Officer, as required by Section 25 of the Local Government Act 2003 considers that the estimates which form the General Fund, Special Expenses and Housing Revenue Account budget are robust; the proposals are deliverable and will produce a balanced budget for 2018/19.

1.7.3 The Section 151 Officer considers that the overall level of reserves on the General Fund, Specical Expenses and Housing Revenue Account are each adequate.

1.8 **Consultation Process**

1.8.1 General Fund and Special Expenses Revenue Budget 2018/19

The responses from the Trade Unions, Town and Parish Councils and the Federation of Small Businesses are attached at Appendix 1a. The Cabinet's Revenue Budget Proposals and draft Capital Programmes were presented to the Policy and Development Group meeting on 10 January 2018. The comments of Policy Development Group are included in the minutes attached at Appendix 1b.

1.8.2 Housing Revenue Account (HRA) Budget Proposals for 2018/19

Consultation on the Housing Revenue Account 2018/19 draft budget proposals (as approved by Cabinet on 12 December 2017) has been completed via the Council's website and also via hard copy sent to over 100 involved residents including the Tenants and Leaseholder Consultation Forum (TLCF).

Members of the Performance and Finance Working Group (The Council's Resident Involvement technical finance working group who were consulted on 10 January 2018) were supportive of the recommended proposals.

The formal consultation closed on 12 January 2018, and no written comments were received in respect of the proposals. The TLCF indicated they were supportive of the expenditure being earmarked for the Council's new build programme.

The draft budget was also considered by Policy Development Group on 10th January 2018 and an extract of the relevant parts of the draft minutes are attached at Appendix 1b.

1.8.3 Capital Programmes – General Fund, Coalville Special Expenses and HRA 2018/19 to 2022/23

Consultation with the business community was undertaken by letter through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. Responses are attached in Appendix 1a.

The HRA Capital Programme consultation was undertaken with council tenants as per the Housing Revenue Account proposals as detailed in 1.8.2 above. The TLCF indicated they were supportive of the expenditure being earmarked for the Council's new build programme.

The Cabinet's draft Capital Programmes were also presented to the Policy Development Group at its meeting on 10 January 2018. The comments of Policy Development Group are included in the minutes attached at Appendix 1b.

2.0 MEDIUM TERM FINANCIAL STRATEGY 2018 – 2023

2.1 The Council's former Medium Term Financial Strategy 2017 – 2020, was produced in October 2016. The document forecast the financial position of the Council's General Fund and Housing Revenue Account between 2017 and 2020. At this time, the HRA was forecast to

deliver a balanced budget for this period, whilst the General Fund forecast included a predicted deficit of £372k in the strategy's final year (2019/20).

2.2 The Medium Term Financial Strategy 2018 – 2023, included in Appendix 2a, presents a high level, 5 year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over this period from April 2018. The strategy promotes self-sufficiency to safeguard the Council's financial position against future central government funding changes whilst also maximising the use of government grant collected.

2.3 The new MTFS now provides projections in relation to the Housing Revenue Account and Capital as well as the General Fund and introduces a new monitoring cycle so that members will more regularly review the Council's holistic financial position on an ongoing basis.

2.4 Funding and Future Uncertainties

2.4.1 The MTFS provides readers with the detail and assumed implications of the Government's Fair Funding Review which is due to be implemented from 2020/21, including the reduction in Revenue Support Grant and the potential £1m reduction in retained business rate income due to the resetting of the business rate baseline (subject to any transitionary measures that are adopted to phase in the reduction which remain unknown at this stage).

2.4.2 The MTFS also outlines the potential threat of future changes to the New Homes Bonus scheme. After consulting on proposed changes in autumn 2017, the Government did not amend the scheme but have since stated that they reserve the right to increase the baseline which bonus payments are paid against for growth above this level.

2.5 Long-Term Planning and Self-Sufficiency

2.5.1 The Council currently budgets to receive Government grants to fund the running of its cost of services. Given the changing nature of Local Government finance, the uncertainty regarding Government funding and the Governments policy intentions regarding devolution, the MTFS promotes self-sufficiency in targeting to reduce reliance on Government grant.

2.5.2 Included in this report is the recommendation to create a new self-sufficiency reserve with a projected balance of £2.76m in April 2018. It is recommended that the reserve is created using the balance in excess of a minimum balance for the General Fund (predicted £900k) and the predicted surplus outturn position for 2017/18 (projected at £1.86m as at period 9). This new self-sufficiency reserve will be used to support a change programme that will aim to meet the projected deficits and maximise the Council's income generating opportunities for ongoing self-sufficiency. The predicted surpluses arising on the 2018/19 and 2019/20 budgets will also be paid into this reserve.

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

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

the Council is able to make better use of Government grant in investing in initiatives to support local infrastructure and support sustainable growth, in turn supporting the Council to achieve growth in council tax and business rates.

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

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

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

2.6 Monitoring, Delivery and Review of the MTFS

2.6.1 The new MTFS encourages members to look beyond the current planning period in considering actions to address future deficit years and self-sufficiency targets in respect of the General Fund, and consider financing or alternative actions to address the long range forecasts for the HRA and the medium range 5 year forecasts for the Capital Programme.

2.6.2 The new approach to monitoring progress against the MTFS will include a review and update as necessary to the strategy assumptions at the end of each financial year and following the Government's Spring Statement.

2.6.3 An updated rolling 5 year MTFS will be presented to members annually alongside the forthcoming years' draft budget for approval and will include refined future years savings targets, in line with the Government's annual finance settlement and budget announcement.

2.6.4 Throughout the year, Members will also be updated with progress made on measures to meet our savings targets.

3.0 GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET 2018/19

3.1 The draft General Fund and Special Expenses budget proposals for 2018/19 were considered by Cabinet on 6 February 2018 and are recommended to Council for approval. See recommendations 1 to 7, as set out at the front of this report.

3.2 Members are asked to note that on 6 February 2018 the Government laid before Parliament the details of the Final Local Authority Grant Settlement for 2018/19. The final figures for Revenue Support Grant and redistributed NNDR allocation remain unchanged from those provisionally notified and included in the budget.

3.3 Given the proposals in respect of net revenue expenditure and funding forecasts as detailed below, the budgeted contribution to General Fund reserves 2018/19 is £299k surplus. The draft Budget Summary for 2018/19 can be found in Appendix 3a.

3.4 **Budget Setting Context**

3.4.1 The budget presented within this report has been prepared in the context of the continuation of the Governments four year settlement and the provisional Local Government Finance

Settlement issued in December 2017 in respect of funding. Budget holders' own projections have been used to ascertain the level of required expenditure budgets and locally generated income forecasts.

3.4.2 A new approach to developing expenditure and locally generated income budgets has been taken for the 2018/19 year which has included a greater level of engagement with budget holders and a focus on more sophisticated estimates taken in order to reduce variances between budgeted and outturn position. This new approach has also projected the revenue position for 2019/20 to 2023/24 for indicative purposes only, and this information is presented alongside the budget for 2018/19

3.4.3 Members will be aware that the decision to conduct a lawful procurement and subsequently award a contract for the outsourced management of the Council's Hermitage and Hood Park leisure centre facilities and creation of a new £20m facility was approved by Council on 21 November 2017. Whilst this decision does not impact the Council in 2018/19 above the level of projected project costs agreed (£500k allocated from reserves), the indicative 5 year revenue forecast and 5 year Capital programme will demonstrate the impact of this decision within those years, including the impact of borrowing costs, as per the assumptions of the project.

3.4.4 The Council, along with all counterparties in respect of Business Rates in Leicester and Leicestershire, entered a bid to undertake in a 1 year pilot of 100% business rate retention. In December, the successful pilots were announced and unfortunately on this occasion, the Leicestershire bid was not successful.

3.4.5 Upon reviewing the forecast performance of the Leicester and Leicestershire Business Rate Pool, the Deputy Section 151 Officer, in consultation with the Chief Executive and Portfolio Holder for Finance, has confirmed the Council's intention to continue as a Pool member for 2018/19. Through membership of the Pool, in the region of £2.3m of business rate funding collected in North West Leicestershire will be retained within Leicestershire via a contribution made by the Pool to the Leicester and Leicestershire Economic Partnership (LLEP), rather than the funds being given back to central Government in the form of a levy payment.

3.4.6 The approved 2018/19 budget will undergo regular monitoring and scrutiny during the financial year through quarterly performance monitoring, so that when they arise any variances can be identified at an early stage and remedial action taken to deal with them where necessary.

3.5 **General Fund 2017/18 – Projected Outturn**

3.5.1 The uncommitted balance on the General Fund is currently £2.4m which reflects the balances brought forward from 2016/17.

3.5.2 The third quarter Performance Report due to be considered by Cabinet in March and will presents outturn projections for the current year. A surplus of £1.86m is forecast compared to the original budget of £934k. This surplus will go into general reserves. The main reason for this is additional Business Rates and recycling income, offset by a number of adverse movements across service areas.

3.5.3 The General Fund forecast surplus outturn (as represented by the contribution to General Fund Balance) is £1.86m compared to a budget of £934k.

3.5.4 Forecast income in respect of Business Rates has increased by £1.2m, due to changes in forecasts in the required appeals provision for 2017/18 (as a result of settled, unsuccessful and

withdrawn appeals) and the resultant additional income released into the 50% retention system as a result of this. The forecast for business rates would have been higher, however a number of adjustments have been made to the level of gross rates collectable as a result of rateable value reductions (settled appeals). In addition, recycling income is forecast to be £122k more than budgeted, additional council tax and business rates summons income is forecast to be £32k more than budgeted, a reduction on pooled transport costs for the waste service (£77k) and Building Control fee income forecast to be £35k more than budgeted.

3.5.5 The favourable movements have been offset by a number of adverse movements, which include: a reduction in forecast planning fee income (£300k); a reduction in industrial unit rental income (£37k); an increase in the net deficit of the Leisure centres (£159k); an increase in ICT equipment maintenance (£143k); an increase in Digital Transformation costs (£26k) as a result of extending project team secondments; an increase of £22k on Planning Policy relating to agency costs arising on alignment with HMRC regulations.

3.5.6 The forecast uncommitted balance on the General Fund at 31 March 2018 is therefore, a forecast surplus of £4.26m, subject to the proposals detailed in this report to create a self-sufficiency reserve, which will leave a balance of £1.5m in general fund reserves (see 8 below).

3.6 **2018/19 Net Revenue**

3.6.1 The Council's net revenue expenditure position is affected by three main elements which include: the revenue expenditure in relation to the provision of services net of income generated through fees and charges and other income (including additional grants authorities apply for, which are not part of central government funding); and financing costs, broadly made up of investment income, interest charged in respect of loans and the minimum revenue provision charge made in respect of unsupported borrowing to fund capital expenditure.

3.6.2 For 2018/19, there has been an increase in net revenue expenditure for 2018/19 compared to 2017/18 of £1.6m, made up of a number of budgetary pressures (increased expenditure or reduced income) and savings (increased income or reduced expenditure).

3.6.3 Since presentation of the draft budget to Cabinet in December, the following changes have been made:

a) **Pay Award**

At the beginning of December 2017, the Local Government Employers 2 year pay offer was announced. The offer is a 2% pay award in 2018/19 and further increases for 2019/20, dependant on the grading of staff. A provision of 1% was originally included in the draft budget. This has been increased to 2% for 2018/19 with the overall impact on to the General Fund being an additional £203k, taking the total impact to £325k.

b) **Interest Received**

Further work to estimate the Council's forecast cashflow and target rate to be achieved on investments has meant that the estimate for interest on balances receivable has increased by a further £37k in addition to the £32k included in the draft budget.

c) **Planning Fee Income**

As part of the Government's Budget announcement in December, it was confirmed that Planning Local Authorities were now able to increase their planning fees by 20% with effect from 17th January 2018, subject to the additional income being used to discharge planning functions. The budget has therefore been increased by £200k to reflect this 20% fee increase. The draft budget in December presented a proposed reduction of £100k, the final proposal therefore is an increase to the base budget of £100k.

d) **Self-Build and Brownfield Register Grant**
Confirmation has been received since the December Cabinet that a Government grant to cover the costs of developing the Self Build and Brownfield Register of £45k will be received in 2018/19.

e) **Planning Service**
Funding for two new posts to strengthen the Council's position in respect of enforcement planning - Compliance Officer and part time Planning Enforcement Officer at a total cost of £46k.
A further £179,000 forecast additional costs upon restructuring the Planning service.

f) **De-minimus service developments**
Additional service developments and budgetary pressures of £20k and below, identified following the December Cabinet meeting, totalling £93k.

g) **Net Financing Costs**
Further analysis undertaken following the December Cabinet report have identified that the net financing costs for 2018/19 will represent an additional cost of £27k (as opposed to a saving).

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

3.6.4 A summary of the updated proposals showing the movement from the 2017/18 budgeted position can be found in Appendix 3a.

3.7 2018/19 Funding

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

3.7.2 The provision local government finance settlement was announced on the 22 December 2017 which confirmed the level of New Homes Bonus, Revenue Support Grant and the tariff and levy charges against business rates to be retained by the Council. Since the settlement announcement, there has been further changes to the tariff charged against our business rates income. Due to the timing of this announcement on 18 January, the revised resultant business rate income has not been updated in the draft budget, although it is anticipated that these changes will mean that business rate income will increase.

3.7.3 For 2018/19 there is an estimated increase in total funding of £998k. A summary of the estimates for 2018/19, can be found in the Budget Summary for 2018/19, Appendix B.

3.7.4 Business Rates Retention affects councils as the level of business rates yield has a direct impact on the Council's funding, with both the risks and rewards of business rate growth and contraction currently being shared between central government and local authorities, with 40% being retained by the Council. Under the existing 50% Business Rates retention system, the level of business rates to be retained by the Council is not ultimately confirmed until after the end of the financial year when the actual level of Business Rates is reported. This means that the Council is not able to accurately predict the actual level of business rates likely to be collected during the following year until after the final budget has been approved at Council in February. In addition, it is difficult to forecast business growth, although the Council does have

a good awareness of this and as a consequence is to be able to introduce some assumptions into budget predictions.

3.7.5 The budgeted level of retained business rate income for 2018/19 is £4.9m. This estimate includes forecast growth between this period and the end of the 2017/18 financial year and for 2018/19. The budgeted level of income reflects the anticipated level of rates to be collected in 2018/19, offset against the increased tariff, levies and set aside of additional appeals provision for the 2018/19 year. For 2018/19 the appeals provision is forecast to increase by £764k. The assumed level of growth in rates collected is £1.9m, offset by the removal of on commercial premises anticipated to be removed from the rating list at a value of £700k. From 2020/21 that there will be a move towards business rate retention, with the local share moving from 50% to 75%. The Government is yet to determine when the full 100% business rate retention system will be implemented, with this being announced along with the baseline setting in late 2019 as part of the conclusion of the Fair Funding review. Further details of these proposals can be found in the Medium Term Financial Strategy 2018 – 2023.

3.7.6 Following an announcement made by Government in mid-January that has amended the amount of tariff that must be paid from business rates. Our budgetary position for 2018/19 reflects this change.

3.7.7 The Council Tax Collection Fund is monitored throughout the year and the forecast surplus will be available from the 2017/18 collection fund towards next year's budget. The budget for 2018/19 has increased by £4k from £285k to £289k.

3.7.8 The budgeted level of Council tax income has increased by approximately £252k, from £4.96m for the 2017/18 year to £5.2m for the 2018/19 year. The Council is not planning to increase the District's share of the Council Tax in 2018/19. This will be the ninth year without an increase.

Under the Localism Act 2011 and as re-affirmed in the government's 2017 manifesto, councils can set whatever Council Tax rates they wish, but they need the direct consent of local people if they wish to impose an excessive rise.

This year, that referendum threshold for District Councils set by Government is the highest of £5 or less than 3%. For North West Leicestershire District Council, the income foregone in 2018/19 by not raising council tax by the referedum threshold is £156,290 (using the 3% limit) or £164,260 (usig the £5 limit) at the 2018/19 council tax base level.

The increase in collected council tax for 2018/19 compared to 2017/18 is therefore a direct result of the upwards movement in the council tax base used to estimate the number of homes within North West Leicestershire for council tax setting purposes. For the 2018/19 year, growth estimates in respect of the number of new of properties liable for council tax have also been included which represent £105k worth of the upward movement in council tax. These properties have been identified and monitored by the Council's Planning Policy team and the Revenues and Benefits Partnership, and included in the council tax base calculation at parish level at assumed bandings, before conversion to Band D equivalents. This is a new approach for 2018/19 and will be monitored closely throughout the year.

3.7.9 The level of New Homes Bonus for next year was confirmed as part of the Governments provisional local government finance settlement announced in December. The Council will receive £2.9m next year.

3.7.10 The level of Revenue Support Grant that the Council will receive was also confirmed in the provisional settlement. The Council will receive £235k in 2018/19.

3.8 Indiciative Budget Position 2019/20 - 2022/23

3.8.1 Included in Appendix 3a for illustrative purposes only is the forecast revenue budget position for 2019//20 to 2022/23. These estimates have been developed by budget holders across the Council, taking into consideration known budgetary changes and assumed inflationary increases. These estimates are then included as the Council's forecast base budget within the Medium Term Financial Strategy.

3.8.2 Specifically, following the Council decision in November 2017 to outsource the Council's two leisure centres, these forecasts include the removal of expenditure within the Community Services directorate. This includes an increase in the net financing costs representing the increase in minimum revenue provision and interest costs on internal and external borrowing, the reduction in service management recharges of £200k per annum from 2019/20 and a prudent assumed income of £250k per annum representing the anticipated management fee that will be paid by the operator to the Council.

4.0 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2018/19

4.1 The draft Housing Revenue Account budget proposals for 2018/19were considered by Cabinet on 6 February 2018 and are recommended to Council for approval. See recommendations 8 to 13, set out at the front of this report.

4.2 The 2018/19 budget, the proposed HRA capital programme and the 30 year business plan referred to in this report include the impact of the proposals contained within the addendum which was considered at Policy Development Group on 10 January 2018.

4.3 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 2018/19 HRA Budget and long term business plan. The Government has announced that from 2020 rent increases will be limited to 1% above CPI, which provides more certainty for medium term financial planning. However, ongoing inflationary pressures, coupled with the ongoing 1% rent reductions, will certainly present financial challenges to the Housing service going forward.

4.4 The budget summary for 2018/19 can be found in Appendix 4a.

4.5 2017/18 Budget Position

4.5.1 The budgeted outturn position for 2017/18 was a £142k surplus. The overall forecast for the current year at period 9 shows £338k surplus. This is largely as a result of a saving in Council Tax, resulting from fewer empty properties, additional interest from cash balances and savings against salaries budgets as a consequence of unfilled vacancies in one service area where restructuring proposals are pending.

4.5.2 As a result of this the balance on the Housing Revenue Account at 31 March 2018 is estimated to be £9.25m This balance significantly exceeds our agreed minimum working balance on the HRA of £1m and this has been developed to provide a loan repayment reserve provision for the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022. It is proposed that the balances over the £1m minimum working balance on the HRA

continue to be transferred to a savings reserve for the purposes of repaying these loan commitments, hence an estimated £8.25m will be held in the reserve at 31 March 2018.

4.6 2018/19 Budget Position

4.6.1 Budget proposals are based on prices and levels of charges for Council Housing related services at September 2017 plus other known increases, for example contractual uplift obligations.

4.6.2 The budget investment and budget saving proposals for the 2018/19 budget are shown within Appendix A.

4.6.3 Since presentation of the draft budget to Cabinet in December, the following changes have been made:

- Overall impact on the HRA of a higher pay award for 2018/19 -£72k
- Increase in estimate for interest on balances receivable - £22k

4.6.4 Repairs and maintenance of dwellings expenditure (Appendix 4a – line 1) in 2018/19 is anticipated to total £5.5m.

4.6.5 Supervision and management expenditure (Appendix 4a – line 4) in 2018/19 is expected to be £2.7m.

4.6.6 Componentised depreciation for the 2018/19 year has been estimated at £3.1m (Appendix 4a – line 7).

4.6.7 For 2018/19, the level of revenue contribution to capital outlay (RCCO) is proposed to decrease from £3.0 m to zero. This is largely as a result of variations in the investment needs of the improvement programme and re-profiling the new build programme

4.6.8 In relation to the proposed sale of higher value empty homes, a provision of £1.0m originally included in the 2017/18 capital programme will be revised to nil. There has now been guidance from DCLG that local authorities will not be liable to make any payments in either 2017/18 or 2018/19. To accommodate the inclusion of the expenditure within the 2017/8 capital programme, capital receipts income from asset disposals had also been included. For consistency, this has been reduced in line with the removal of the expenditure requirement.

4.6.9 The draft budget for 2018/19 is estimated to produce an operating surplus / deficit of zero, after making the RCCO and a contribution of £2.9m to the debt repayment reserve, which will take total estimated HRA balances at 31 March 2019 to £12.2m. The HRA working balance continue at £1m and the remaining £11.2m will be held in the debt repayment reserve.

4.6.10 In the years following 2018/19, the future predicted amounts that the HRA is able to contribute to the debt repayment reserve, subject to further revisions via the annual budget setting process are as follows:

- 2019/20 - £2.5m
- 2020/21 - £2.6m
- 2021/22 - £0.0m
- 2022/23 - £0.0m

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

4.7 2018/19 Budget – Rents

4.7.1 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.

4.7.2 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.

4.7.3 However, at the end of December 2017, only 59% of properties were at their target rent, a much lower percentage compared to the vast majority of local authorities.

4.7.4 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.

4.7.5 The level of rent loss due to void properties target included in the budgeted rental income is 1%, a reduction from 1.5% assumed in the previous year.

4.7.6 As a result of the 1% rent reduction for 2018/19, lower property numbers due to RTB sales but some offsetting through the effects of the new build and acquisitions programme, net budgeted rental income is £80k less than budgeted in 2017/18.

4.7.7 The HRA business plan currently has a core assumption that future rents will increase by 1.5% (notwithstanding the four year 1% rent reductions from 2016). Recently, the Government has announced that from 2020/21, when the four year rent reduction period ends, increases to social rents will be limited to CPI + 1%. This has no impact on the budget for the next two years but clearly helps to provide a degree of certainty for longer term business planning, and is likely to have a net positive effect going forward from 2020/21 compared to the current assumptions. However, over the 30 year business plan period additional efficiencies and further savings will still need to be identified.

4.7.8 A number of accounting and budget estimate amendments have been made from 2017/18, and these are set out in Appendix 4b. The most significant of those are a saving of £87k in rent loss and a further £60k in Council Tax charges from reducing the void rate; on the other hand the 1% decrease in rents will reduce rent income by £172k.

4.8 Service Charges, Fees and Other Charges

4.8.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting, maintenance of communal areas and the older persons service charge. Service charges are covered by Housing Benefit and will be eligible for Universal Credit payments, whilst all other fees and charges are not.

4.8.2 For 2018/19 average weekly service charges are proposed to be increased by 0.40%.

4.8.3 Central heating charges are proposed to be maintained at existing levels, based on forecast energy prices anticipated for 2018/19.

4.8.4 Garage rent levels are proposed to rise by 3.9% which is in line with the Retail Prices Index (RPI) as at September 2017.

4.8.5 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by RPI of 3.9% on the anniversary of each individual rent agreement in 2018/19.

4.8.6 It is proposed that Lifeline Charges are increased by RPI of 3.9% from April 2018 for East Midlands Housing as per the contract, but held at 2017/18 levels for private customers, following the introduction of the new service and in order to foster customer retention and growth.

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

4.8.8 A table detailing each charge increase can be found in Appendix 4c. Members should note that the charges presented for 2017/18 (£31.81) and proposed 2018/19 (£33.05) in respect of Appleby Magna Caravan Site have been updated in this appendix since it was presented at Cabinet on 6 February 2018. This is to correct an error where the values were incorrectly presented as £31.19 for 2017/18 and £33.05 for 2018/19.

4.9 HRA Business Plan

4.9.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan. As detailed in 2.2 and 3.1 above, existing balances and future annual surpluses will be transferred to the debt repayment reserve for the purposes of repaying these loans. The first maturity loans fall due in 2021/22 and are for £3m and £10m. Please see Appendix 4d for a schedule of HRA loans.

4.9.2 The inclusion of the new build programme and the negotiated gifted units from developers provides some improvement in the overall business plan viability. However, given the current forecasts for the rental income stream, it is not possible to achieve a positive cash flow in future over a 30 year period where borrowing is required to finance new development for affordable rent (and no HCA funding or other subsidy is available).

4.9.3 In order to deal with significant sums in loans that mature later during the business plan period, further savings, additional income or refinancing will be needed to address potential shortfalls of £2.36m in 2041/42 and a further £59.36m by the end of the 30 year period in 2047/48.

4.9.4 It should be noted that the projected level of savings requirement is very sensitive to the level of future rent increases, which is difficult to predict given the uncertainty in the medium to long term of future inflation rates and changes in central government rents policy. Therefore, as these potential liabilities fall 25 years plus hence, there are several other variables that could change over the intervening period, and the recurring option to refinance at an appropriate juncture is available, it is not considered necessary to draw up detailed plans at the moment to address the highlighted sums.

4.9.5 There is no requirement for a revenue contribution to capital outlay (RCCO) for 2018/19. Future amounts are forecast to be required in order to support the capital programme, including new build proposals, as follows:

RCCO

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

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

5.0 CAPITAL PROGRAMMES – PROPOSED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (HRA) PROGRAMMES 2018/19 TO 2022/23

5.1 The proposed General Fund, Special Expenses and HRA Capital Programmes for 2018/19 to 2022/23 were considered by Cabinet on 6 February 2018 and are recommended to Council for approval. See recommendations 14 to 18, at set out at the front of this report.

5.2 In line with Prudential Code 2017 there is a new requirement for members to approve a Capital Strategy alongside the Capital Programme for the forthcoming year. The Strategy sets out the Council's priorities and approach to capital investment and provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe. The draft Capital Strategy can be found in Appendix 5d.

5.3 General Fund – Estimated Outturn 2017/18

5.3.1 The projected outturn for 2017/18 on General Fund schemes totals £3,836,722. This is a managed increase of £765,801 on the original budget for the year of £3,070,921.

5.3.2 This managed increase is caused by the following:

Schemes carried forward from 2017/18	**£**	**£**
Improving Customer Experience (ICE)	36,661	
HR/Payroll System	23,334	
Desktop Equipment Upgrade	39,204	
User Workstation Replacement	(12)	
Helpdesk Software Upgrade	3,546	
Server and Storage Additional Capacity	7,551	
Replacement Telephone System	3,140	
ICT Infrastructure Scheme (Roadmap)	221,558	
Disabled Facilities Grant	150,735	
Sweeper – accelerated from 2018/19	(120,105)	
Miscellaneous Plant	59,260	
Access Road, High Street Car Park, Measham	25,000	
Belvoir Shopping Centre-Main Service Road, Coalville	10,296	
Silver Street Car park, Whitwick - resurfacing	10,055	
North Service Road Car park, Coalville	32,250	
Coalville Market Upgrade (Phase 2)	22,295	
Market Hall Wall	7,258	
Coalville Park – Reconfigure depot – replace building	95,000	
Replace HPLC Gym Air Conditioning	4,515	
Wellbeing Centre at HPLC	399,250	
Car Park – Ashby Health (Ashby Cultural Quarter)	362,133	
Car Parking Strategy – acceleration from 2018/19	(2,151)	
Indoor Cycles	14,315	
Total		**1,405,088**
Additional Approved Schemes and Virements 2017/18		
ICE Project – to revenue	(36,661)	
HR/Payroll System – further funding	10,000	
ICT Infrastructure Scheme (Roadmap) – to revenue	(106,239)	
Disabled Facility Grants Revenue contributions – to other revenue schemes	(450,000)	
Tractor	18,516	
Pool Hoist replacements	15,000	
Memorial Clock Tower – New item as paragraph 1.9	120,000	
Total		**(429,384)**
Planned Slippage in 2017/18 carried forward to Later Years		
Disabled Facilities Grant – Slippage into 2018/19	(139,264)	
North Service Road Car park – Slippage into 2018/19	(32,250)	
Council Offices Extension Car Park – Slippage into 2019/20	(20,000)	
Total		**(191,514)**
Underspends Identified in 2017/18		
Hermitage Rec Grounds AW Play Area Car Park	(7,500)	
Silver Street Car Park, Whitwick - Resurfacing	(9,175)	
Various small over/underspends identified	(1,714)	
Total		**(18,389)**
Total Managed Increase		**765,801**

Total Managed Increase Funded by: (Net Position)		
Revenue	2,500	
Value for Money Reserve	3,140	
Other Reserves	221,898	
Other Contributions	399,250	
Internal Borrowing (USB)	139,013	
Total		**765,801**

The total planned financing of the General Fund expenditure totalling £3,836,722 in 2017/18 is as follows:

	£
Disabled Facilities Grant	572,989
S106 Contributions	399,250
Revenue Contributions to Capital	20,520
Value for Money Reserve	3,140
Other Reserves	578,778
Unsupported Borrowing - Internal	2,262,045
Total	**3,836,722**

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

5.3.4 The carried forward schemes shown in paragraph 5.3.2 above represents expenditure which was originally expected and budgeted for in 2018/19 but has slipped into 2017/18. The budgeted financing has also been carried forward.

5.4 GENERAL FUND CAPITAL PROGRAMME 2018/19 TO 2022/23 – INDIVIDUAL SCHEMES

5.4.1 The programme for 2018/19 to 2022/23 is detailed in Appendix 5a. This programme provides for a continuation of the current Disabled Facilities Grants Scheme (£762,253 in 2018/19) and the Vehicle Replacement Programme.

5.4.2 Schemes shown as slippage from 2017/18 and carried forward to 2018/19 are detailed in the table in paragraph 2.2 above.

5.4.3 In addition, the following new schemes are included in the programmes for approval to commence in 2018/19:

5.5 <u>Planned Preventative Maintenance schemes (£310,000)</u>

5.5.1 <u>Moira Furnace – Masonry and Drainage (£170,000)</u>
Moira Furnace is a listed Scheduled Monument. A recent condition survey identified that immediate remedial action including Masonry works and drainage were required. A report has been submitted to CLT. This item is provisional and subject to a separate report being submitted to Cabinet.

5.5.2 <u>Council Offices – Upgrade failing Fire Alarm System – (£30,000)</u>
The age of the existing fire alarm system is outdated with spare parts becoming obsolete. Recent failings during a false alarm have given strong indication a replacement is required.

5.5.3 Council Offices – Lift Works – (£30,000)
The lift relays have been identified as requiring urgent replacement to ensure that the lift remains in good working order. Further works to the lift is scheduled in later years.

5.5.4 Castle Donington All Weather Pitches – Re-surfacing – (£30,000)
Awaiting some narrative from Jason.

5.5.5 Linden Way Depot – Welfare Facilities (£50,000)
Improvements to welfare facilities for operational and office staff at Linden Way to include new and improved showers, toilets and canteen facilities; and general functional improvements to the existing portacabin accommodations.

5.6 New Schemes for consideration (£930,000)

5.6.1 Server and Storage Additional Capacity (£68,000)
Our current SAN (Storage Area Network) contract for maintenance is £32,000 a year, the equipment is also is coming to end of life in 2 years' time. The replacement of the equipment including 5 years maintenance is £67,000 over 5 years. As opposed to £150,000 for the current equipment over 5 years.

5.6.2 IDOX Platform (£30,000)
IDOX is currently hosted internally on our infrastructure and ICT are responsible for the support and maintenance of the infrastructure. IDOX provides a hosted version of IDOX Uniform in their own data centre, which they manage and support including the licences, maintenance and updates on their own hardware. This ensures that the IDOX uniform platform is always updated, and running the latest version. The £30K is the professional services cost element to implement the move to a hosted IDOX and fully supported environment

5.6.3 User PC Screens – Bulk replacement (£25,000)
The Council's PC screens are coming to the end of their economic life. A replacement and upgrading programme enables more efficient working and replacement of obsolete screens.

5.6.4 Finance System (£450,000)
This item is provisional and is subject to a separate report being submitted to Cabinet for a replacement finance system.

5.6.5 Linden Way Depot – Extension (£200,000)
Amend existing planning permission to extend the Linden Way depot by approximately 2,000 square metres for the purpose of enabling adequate storage of material, waste containers and improve parking provision which will ensure sufficient parking as well as allowing for safe vehicle movements in and around the depot area. This item is provisional and subject to a separate report being submitted to Cabinet.

5.6.6 Linden Way Depot – Workshop Extension (90,000)
Proposed extension to existing workshop to allow for maintenance to be carried out on longer refuse collection vehicles, including extending the two extension pits. This is essential to be able to carry out the necessary servicing, maintenance and repairs of larger refuse vehicles.

5.6.7 District Car Parks – LED Lighting Replacement (£25,000)
To upgrade the external lighting installations in NWLDC's public car parks by the replacement of our traditional light fittings with up-to-date light fittings utilising LED (light emitting diode) technology. Traditional external light fittings are now being phased out widely, with major manufacturers planning to cease production of traditional fittings and lamp types. LED light

fittings are more energy efficient than traditional types and will require less maintenance, resulting in lower energy consumption and lower running costs.

5.6.8 Replace Hood Park LC Outdoor Learner Pool boiler & Pipework – (£10,000)
The outdoor learner pool boiler and associated pipework at HPLC is over 15 years old and in need of replacement. Whilst the current boiler is serviced regularly in accordance with legislation there can be no doubt that its replacement is now necessary. A new boiler would also be far more efficient with regards to utility consumption and also more effective at heating the pool water..

5.6.9 Hermitage LC – Water Pipework and Tank Upgrade – (£18,000)
The cold water storage tank (potable) located in the loft space above the boiler room has a life expectancy of 35 years and was installed circa 1980 (William Saunders Condition Survey Aug 2010), Replacement of this tank along associated pipework is recommended due to age and the risk a leak would present due to its location.

5.6.10 Hermitage LC - Gym Air Conditioning – Replacement – (£14,000)
Air conditioning units general life expectancy is 10-12 years dependant on their environment. The units within the gym are situated in an area of high use open for 17 hours a day, 7 days a week and were fitted in early 2001 (circa). New units would be more energy efficient and also improve the customer experience within the gym area.

5.7 Approved Schemes that require renewed approval (£40,000)

5.7.1 North Service Road Car Park, Coalville (£40,000) – revised as paragraph 1.9
The original scheme for £32,250 was agreed by Cabinet in the capital programme for 2016/17. The slippage from this original budget is included in Table 2.2 above for 2018/19. An increase to this scheme of £7,750 is requested. This revised total allocation of £40,000 is to ensure that the identified essential works can be carried out.

5.8 Fleet Replacement Programme

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

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

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

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

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

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

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

5.8.6 Waste, Street Cleansing and Grounds Maintenance Services; (approx £505,000)
The existing vehicles, including one refuse collection vehicle, one workshop van and two ride on mowers are to be replaced and an additional refuse vehicle purchased as part of the rolling vehicle replacement programme to ensure reliability and cost effectiveness of waste, street cleansing and grounds maintenance service delivery.

5.8.7 Medium Vehicles (approx £95,000)
Five further vans are to be replaced. These consist of four for housing and one for Environmental Health's Pest Control Section, as part of the rolling vehicle replacement programme. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

5.9 **General Fund Capital Programme Funding**

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

Funding Stream	£
Disabled Facilities Grants	572,989
Revenue Contribution	50,000
Reserves	194,264
Capital Receipts	30,000
Unsupported Borrowing - Internal	2,290,000
Total	**3,137,253**

5.10 Coalville Special Expenses – Estimated Outturn and Individual Schemes

5.10.1 There were no identified Special Expense capital schemes for 2017/18.

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

5.10.3 Owen Street Football Floodlights – (£50,000)
This scheme is provisional and subject to a report being submitted to the Coalville Working Party.

5.10.4 The Special Expenses Capital Programme can be found in Appendix 5c.

5.11 H.R.A. Capital Programme – 2018/19 2022/23 Individual Schemes

5.11.1 The HRA Capital programme (Appendix 5c) covers in detail the capital schemes for the period 2018/19 to 2022/23.

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

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

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

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

c) New Build/Affordable Housing Programme
The current programme comprises -

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

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

d) Other Schemes / Miscellaneous
There are various other schemes with brief notes in the Housing capital programme as per Appendix 5c.

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

5.11.3 Future Funding
The long term HRA business plan continues to be based on 1% rent reductions from 2016 for four years and then, following recent guidance from the Government, at CPI plus 1% increases

for five years, then reverting to CPI plus 0.5% for the reminder of the 30 year period the plan covers. The recent guidance on future rent increase levels provides greater certainty for the five-year period following rent reductions, and additional efficiencies will continue to be sought.

5.12 Capital Resources

5.12.1 The resources estimated to be needed to finance the **General Fund** programme 2018/19 to 2022/23 totals £29,699,159 and is as follows:

	£
2018/19	3,137,253
2019/20	14,280,489
2020/21	9,612,439
2021/22	1,760,989
2022/23	907,989
Total	**29,699,159**

5.12.2 Details of the planned funding of the programmes are included in Appendix 5a.

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

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

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

5.12.6 The remaining schemes (£2,290,000) can be funded by either leasing or borrowing depending on value for money and for which, provision has been made in the 2018/19 Revenue Budget.

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

	£
Usable Balances	7,155,953
Retained Right to Buy Receipts	245,501
Right to Buy Receipts – Attributable debt	1,008,000
Use of Right to Buy ‘One for One’ reserve	405,338
Major Repairs Allowance	3,126,730
Asset Disposals (Capital Allowance)	400,000
Total Resources	**12,341,522**
Less Budgeted Expenditure	10,084,533
Surplus to be carried forward to 2019/20	**2,256,989**

6. 0 SETTING THE COUNCIL TAX

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

6.2 **Recommendations 19(1) and 19(2)**
The amount shown in these recommendations are the Council Tax Base for the 2018/19 year (Recommendation 19(1)) and the Council Tax Base for 2018/19 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 19(2)) both as shown in Table A, Appendix 6.

6.3 **Recommendation 19(1)**
The amount at Recommendation 20(1) is the Council's estimated gross expenditure for 2018/19 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	60,949,176
Parish Precepts	2,028,519
Surplus of Income over Expenditure	298,604
Total	63,276,299

6.4 **Recommendation 20(2)**
This is the District Council's estimated gross income for 2018/19 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	47,281,930
Formula Grant	235,000
National Non Domestic Business Rates	4,864,334
New Homes Bonus	2,904,589
Transfer from Collection Fund	289,160
Total	55,575,013

6.5 **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	63,276,299
Less Gross Income	55,575,013
Total	**7,701,286**

6.6 **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 20(3) above
- T is the Council Tax Base

Therefore:

$$\frac{\textbf{£7,701,586 (R)}}{\textbf{32,852 (T)}} = \textbf{£234.42}$$

6.7 **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	463,097
Parish Precepts	2,028,519
Total	**2,491,616**

6.8 **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):

$$£234.42 - \left(\frac{£2,491,616}{32,852}\right)$$

$$= \underline{\textbf{£158.58}}$$

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.

6.9 **Recommendation20 (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.

6.10 **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

6.11 **Recommendation 21**

In issuing their precepts for the financial year 2018/19 Leicestershire County Council, 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

6.12 **Recommendation 22**

This amount is calculated by adding together the amounts in recommendation 19(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.

6.13 **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 2018/19 would be considered excessive if it is the higher of either 3% greater than its relevant basic amount of Council Tax for 2017/18 or £5.

As <u>no increase in Council Tax</u> 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 2018/19 being determined as excessive. Table F, Appendix 6 shows the percentage increases

Appendix 1A

GENERAL FUND BUDGET CONSULTATION

Trade Unions

Thank you for your email and information sent with it.

I note that the Council have only included a pay award to staff of 1% in their budget and I wondered if they're aware that last week, the LGA put forward a two-year pay offer for council and school support staff worker which would mean a pay rise of 16% for the lowest paid over the two years, and 2% for anyone currently on £19,430 or more a year from 1 April 2018, with a further 2% in April 2019?

Federation of Small Businesses

The FSB fully understand the need to have a balanced budget and having read the budget I have identified a few points I would like to comment on;

- Members in North West Leicestershire and across the UK have raised the issue that there is not adequate, flexible or affordable space for small businesses, even when startups are catered for the lack of provision of move-on space hampers their appetite and ability to grow and take on more staff. I would be keen to know what the planned opportunities are for new space for small businesses.

- I notice you report that Planning budget has been increased to strengthen legal advice and technical support. One of the biggest problems faced by small builders is the lengthy delays and poor service received from planning departments, which more often than not is caused by local lack of resources. If the extra budget is focused on tackling this problem and allowing small builders to compete, we would be supportive of this.

- The issue of car park charges continues to be highlighted as a problem for small firms. In your papers I haven't seen whether parking charges will increase or remain stable (but I may have missed it). Our research shows that seven in 10 small firms think parking is priority for the future of independent shops. We therefore feel that parking charges should be proportionate to what's on offer in the town. We urge the council to consider a long-term strategic parking policy that attracts visitors into retail areas, rather than focusing on short term revenue.

- The FSB would urge that you consider opening household waste and recycling centres to small businesses to dispose of their own waste at no cost.

Parish and Town Councils

No responses received.

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APPENDIX 1B

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

Present: Councillor M Specht (Chairman)

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

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

Portfolio Holders: Councillors R D Bayliss and T J Pendleton

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

31. DRAFT REVENUE BUDGET PROPOSALS, GENERAL FUND AND HOUSING REVENUE ACCOUNT

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

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

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

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

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

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

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

RESOLVED THAT:

a) The report be noted.

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

32. DRAFT CAPITAL PROGRAMMES 2018/19 - 2022/23

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

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

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

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

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

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

RESOLVED THAT:

a) The report be noted.

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

Councillor A C Saffell left the meeting at 7.39pm.

Councillor N Smith left the meeting at 8.00pm.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.20 pm

Appendix 2

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

1. Introduction

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

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

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

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

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

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

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

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

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

The MTFS helps us to:

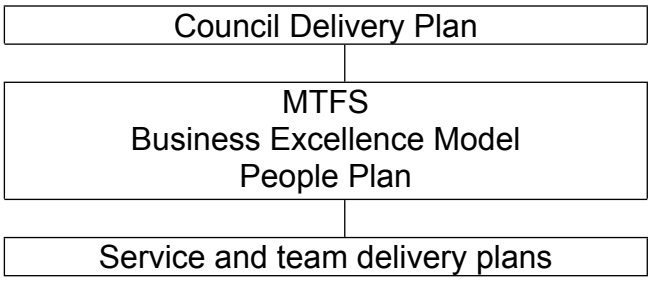
- Deliver on the council's vision and priorities
- Improve financial planning and the strategic financial management of the council's revenue and capital resources
- Consider future opportunities and investments
- Maximise the use of resources available to the council
- Provide value for money
- Review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

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

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

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

Business Planning



Four key programmes will deliver the our corporate vision:

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council

- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of quality homes and facilities for our residents and business

- **People** – making sure we develop our staff to have the skills for a 21st century business, valuing our staff and transforming the organisation

- **Self sufficiency** – having effective financial management that increases our resilience and adaptability to changing financial pressures.

People strategy

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

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

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

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

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

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

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

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

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

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

3. Political, economic and regulatory and outlook

National context

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

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

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

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

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

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

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

Local context

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

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

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

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

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

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

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

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

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

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

[1] **Source: DCLG: English Indices of Deprivation September 2015**

4. The Local Government Financing Regime

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

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

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

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

Fair Funding Review

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

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

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

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

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

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

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

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

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

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

5. Council funding

Council funding

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

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

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

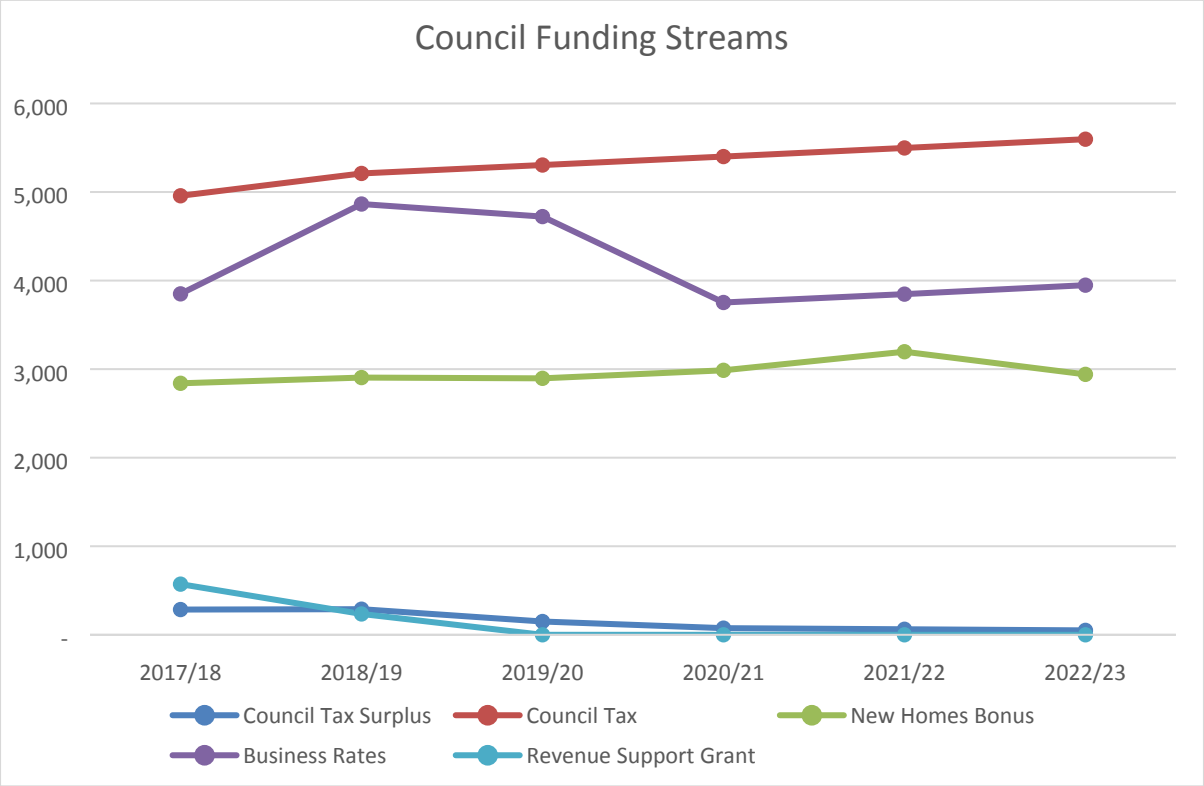
The main sources of funding available to finance revenue expenditure for the General Fund and Housing Revenue Account are shown below.

General Fund

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

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

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



Revenue Support Grant

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

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

Business Rates Retention Income

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

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

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

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

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

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

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

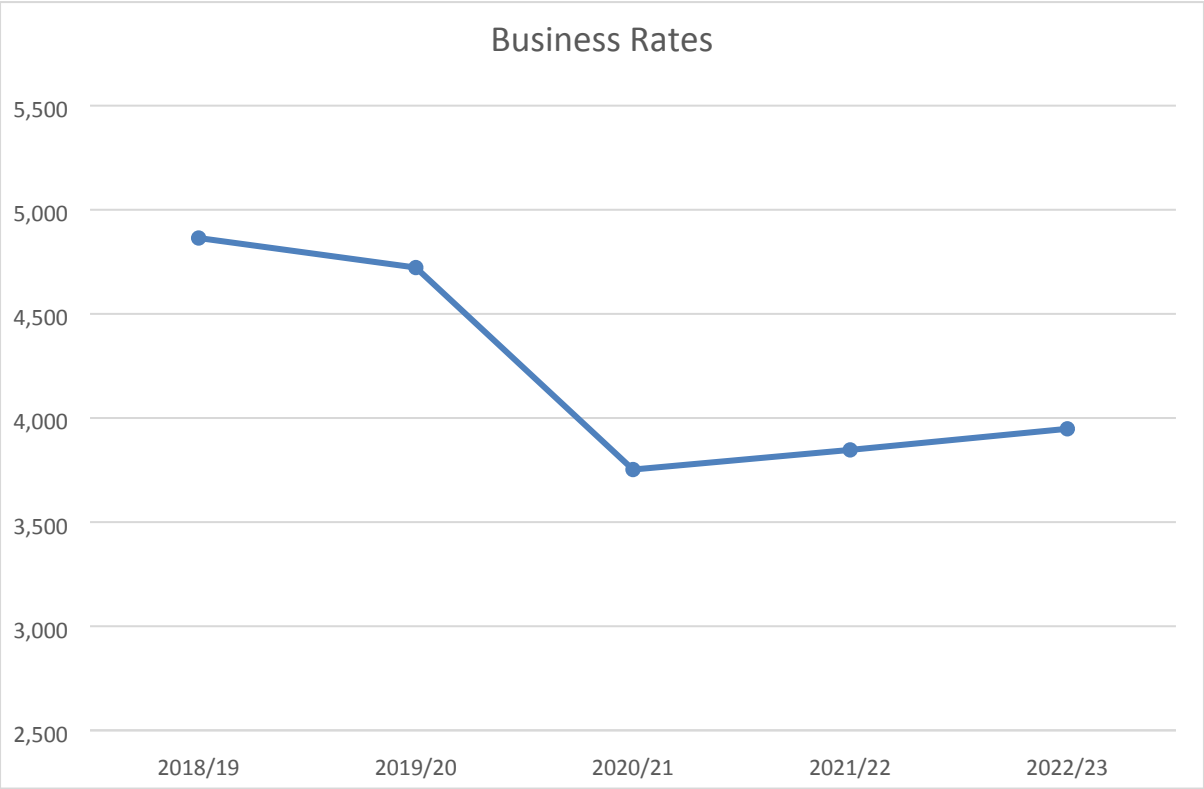
If a full baseline reset from 2020/21 is implemented in full without any transitionary arrangements as part of the Fair Funding Review, there is a real threat to ongoing and uninterrupted delivery of services. We do acknowledge, that transitionary arrangements are likely to be agreed, but at this stage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

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

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

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

Chart 2 - Business rates forecasts



New Homes Bonus (NHB)

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

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

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

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

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

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

Council tax

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

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

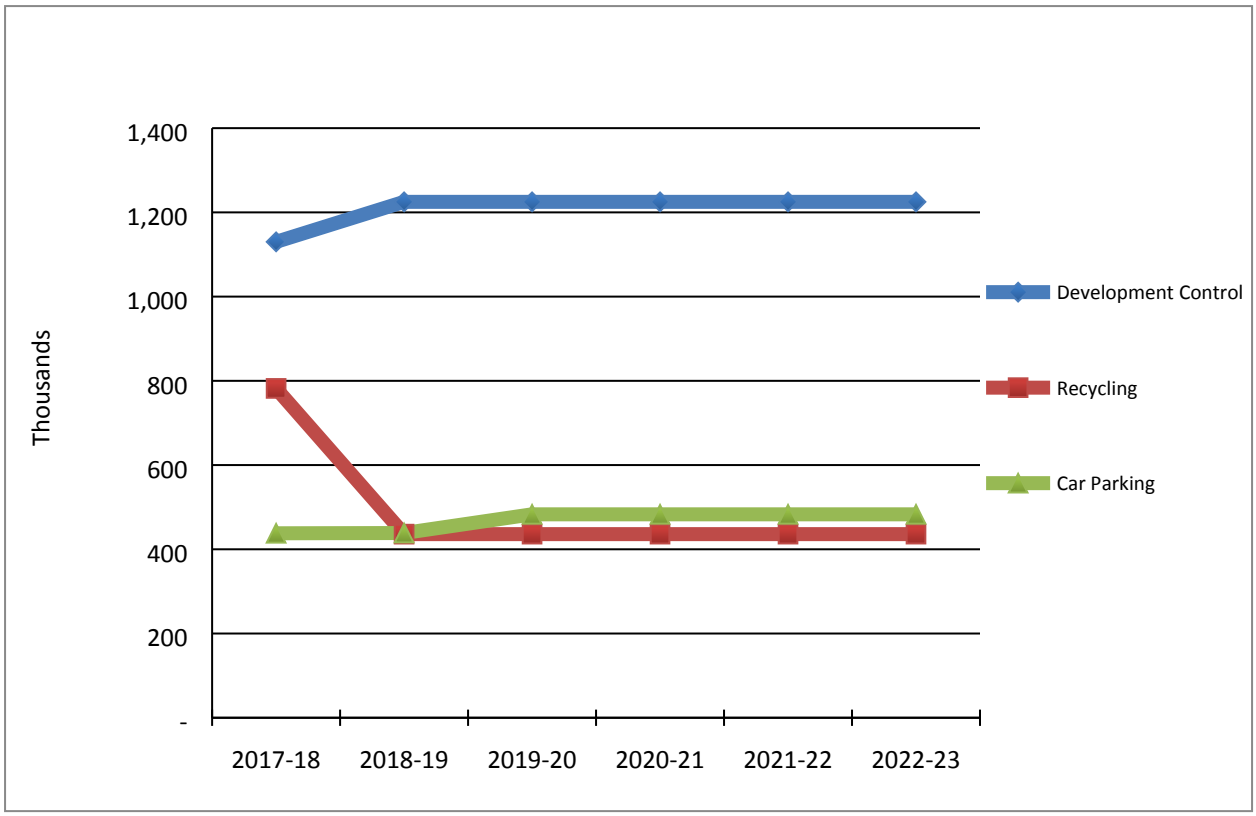
The assumption within the MTFS is that the council will maintain its policy to freeze council tax.

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

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

Major income streams

Chart 3 –major income streams (General Fund)



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

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

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

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

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

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

Council tax surplus

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

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

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

Housing Revenue Account

Rental income

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

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

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

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

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

Service charges

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

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

Other income

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

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

Reserves

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

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

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

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

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

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

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

- **Special Expenses Reserve – (£60,000) –** The Special Expenses Reserve is held as the working balance on Special Expense areas..

- **Housing Revenue Account (HRA) Reserve (£1 million) -** This i reserve is an agreed minimum working balance for the HRA.

- **HRA Loan Redemption Reserve (£8.6 million) -** This reserve balance is gradually being increased to pay off loans which were taken out in relation to HRA self-financing settlement in 2012.
- **Earmarked Reserves – General Fund and HRA (£10.5 million) -** The council holds reserves that are earmarked for a particular purpose and are set

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

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

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

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

- **Major Repairs Reserve (£600,000) -** The Major Repairs Allowance (MRA) represents the estimated long-term average amount of capital spending required to maintain housing stock in its current condition. It is calculated according to the profile of the housing stock. The Major Repairs Reserve is the accumulation of this allowance and is held specifically to be spent on the housing stock.

- **Capital Grants/S106 Funds (£1 million) -** These are S106 grants that have been received by the council and have conditions attached to them. They normally stipulate the projects / areas where the grant should be spent.

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

Table 1 – Council reserves (at March 2017)

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

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

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

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

Capital

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

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

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

6. Long term planning and self sufficiency

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

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

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

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

Self Sufficiency

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

We currently set our budgets to receive Government grants to fund the running of its cost of services. Given the changing nature of local government finance, the uncertainty regarding Government funding and the Government's policy intentions regarding devolution, it is recommended that the council seeks to reduce its reliance on Government grants in the future.

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

- From 2019/20, NWLDC will receive nil RSG. We are waiting for further detail of the outcome of the Fair Funding Review, which will determine any future RSG payments for the council.

- As detailed in section 5 above, we anticipate that there may be future reforms to the New Homes Bonus that will reduce the amount we receive.

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

From 2018/19, we will operate a reserve that will contribute to our journey to self-sufficiency. As detailed above in section 5, the projected forecast surplus arising on the 2017/18 outturn and future years will be added to the General Fund Reserve balance in excess of the minimum working balance to create the Self Sufficiency reserve. It is anticipated that the balance of this reserve will be £2.76 million in April 2018 following confirmation of the outturn of the 2017/18 year.

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

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

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

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

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

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

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

- Review our services and partnerships through a transformation programme to identify new ways of working and reduce our expenditure
- Review how we use our assets and rationalise our asset base to maximise our revenue position. This will include managing assets differently, disposing

of assets that do not provide value for money and acquiring new assets that will give us an ongoing revenue return
- Review all our contracts and our approach to procurement to ensure that our contracts are agreed and managed in a way that maximises efficiencies and reduces our expenditure
- Consider the best use of our accommodation and other work spaces
- Maximising the return on our investments
- Review our current level of fees and charges with a view to maximise income
- Develop a commercial mind-set and strategy to ensure we behave more commercially and seize opportunities that present themselves to reduce costs and increase income
- Improve the way we align resources to our priorities held within the Council Delivery Plan using the Business Excellence Model and service / team planning
- Continue to maximise opportunities for new ways of working collaboratively which could reduce expenditure and increase income, for example by working with different service delivery models such as shared services, to reduce our expenditure
- Continue to develop our organisation through our People Plan, which will enable us to grow the skills of our staff in line with the 21 century public servant
- Put Customers at the heart of our Council - encourage the use of digital interaction and transform our approach to customer service

Developing a commercial mind-set

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

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

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

- **Increase understanding of the commercial world**
  In order to operate in a more commercial environment, it is necessary to understand the culture, language, techniques and approach which exists and how opportunities can be optimised.

- **Understand potential market opportunities**
  Legislation provides a wide set of options to enable opportunities to be optimised, however, these opportunities need to be identified and

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

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

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

Align resources to our priorities

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

Collaborative working

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

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

Put customers at the heart of what we do

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

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

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

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

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

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

7. The Medium Term Financial Plan 2018 - 2023

General Fund

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

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

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

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

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

Five year forecasts

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

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

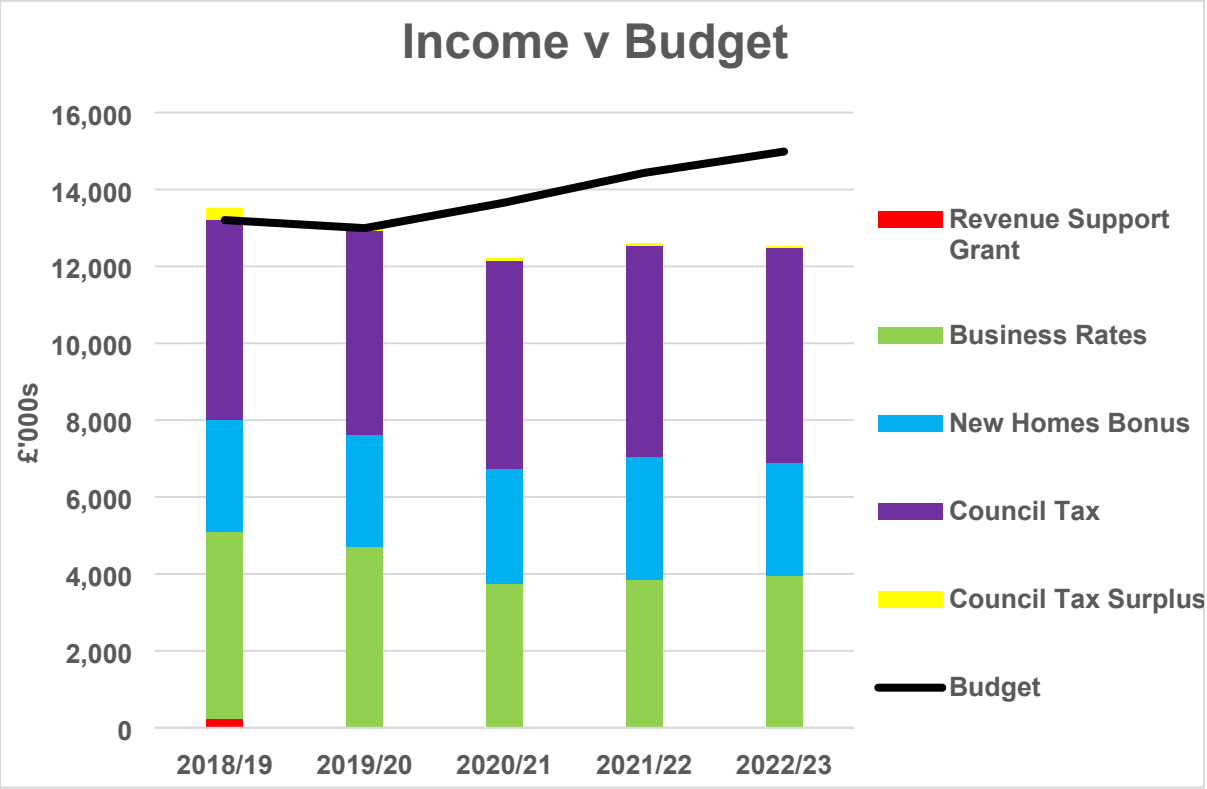
It is important to bear in mind that the assumptions regarding this reduction in business rate income do not currently include any transitionary measures to phase in the reduction, which are likely to be developed through the Fair Funding Review.

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

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

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

Chart 4 – Funding vs budgeted expenditure



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

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

Table 2 – Forecast General Fund in-year position *

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

** Subject to rounding*

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

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

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

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

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

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

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

** Subject to rounding*

Five year forecasts – including self-sufficiency targets

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

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

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

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

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

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

** Subject to rounding*

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

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

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

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

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

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

** Subject to rounding*

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

Housing Revenue Account (HRA)

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

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

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

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

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

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

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

Chart 5 – HRA revenue 2017 - 2047

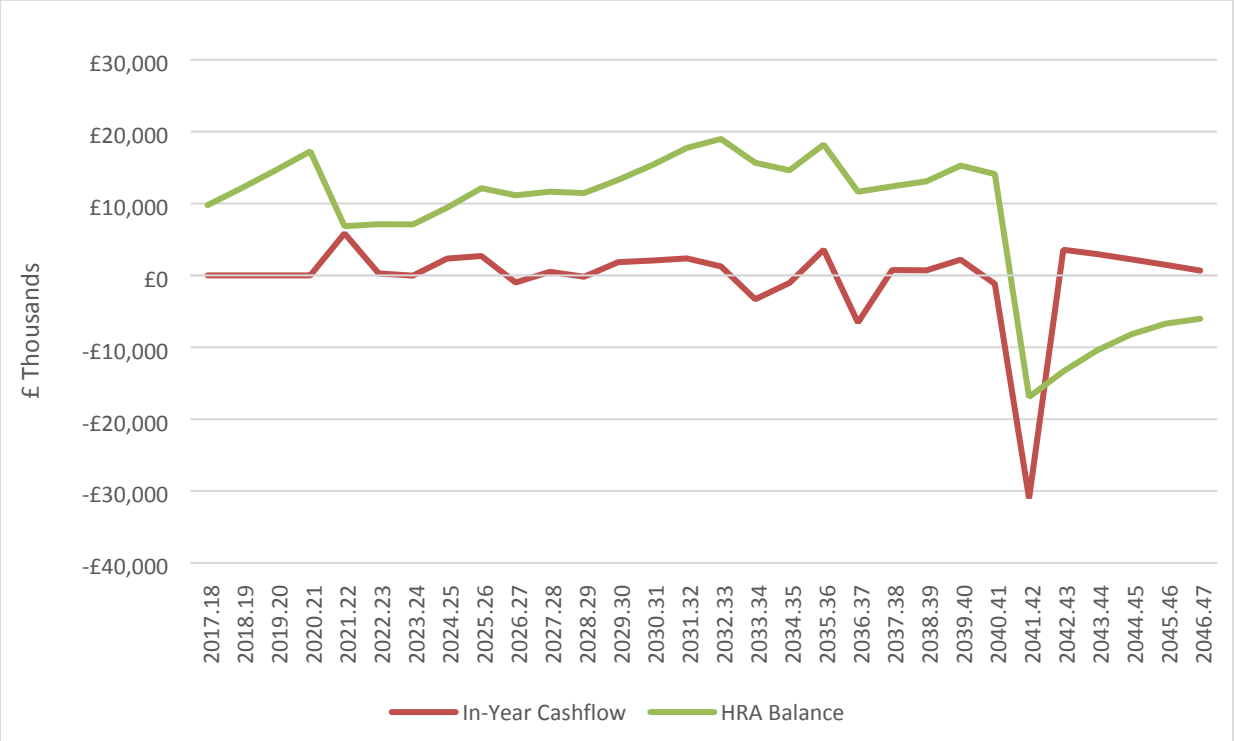


Chart 6 – HRA capital financing requirement vs debt cap 2017 - 2047

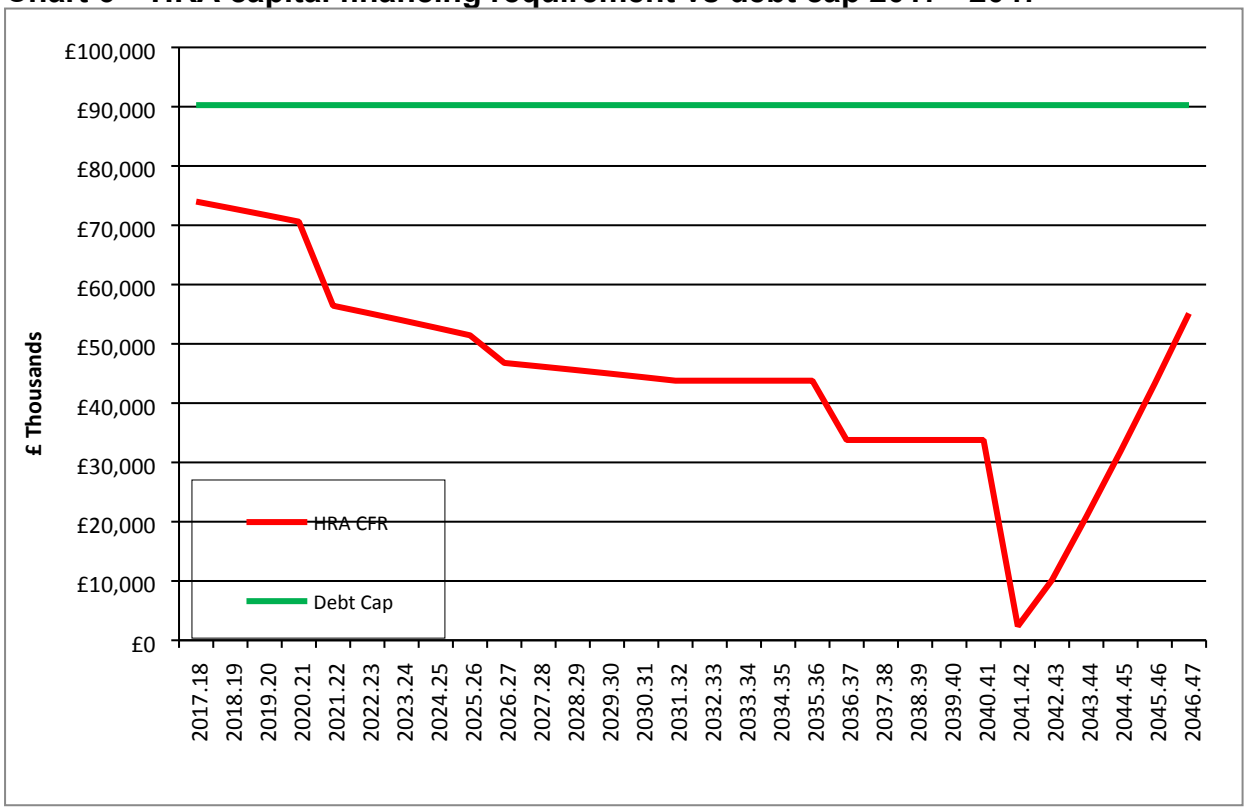


Table 5 – HRA debt portfolio

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

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

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

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

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

Capital strategy and planned programme

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

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

Table 6 – Capital Programme 2018 – 2023 *

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

** Subject to rounding*

Treasury Management Strategy

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

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

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

Unsupported (self-financing) borrowing

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

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

8. Risk

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

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

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

Revenue Budget Strategy

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

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

9. Monitoring, delivery and review

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

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

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

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

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

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

The diagram below illustrates the fiscal cycle for the MTFS.

Diagram 1 – MTFS planning cycle

MTFS planning cycle

Q1

The Government issues its Spring Statement.

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

Q2

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

Q3

The Government announces its Budget in September each year.

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

Q4

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

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

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

Members formally approve the MTFS and we adopt it.

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

Our financial planning is a continuous process.

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

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

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

APPENDIX 1

GENERAL FUND REVENUE PROJECTIONS 2018 – 2023
KEY ASSUMPTIONS

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

APPENDIX 2

HOUSING REVENUE ACCOUNT PROJECTIONS 2018 – 2023
KEY ASSUMPTIONS

Key operational assumptions:

1. Rents to follow Government rent policy (1% reduction till 2019/120 then CPI + 1% increases)
2. Surplus balances on the HRA to be transferred to the loan repayment reserve to repay loans
3. HRA revenue budget to increase by RPI (currently forecast at 2.5% every year).
4. The rent loss performance on empty homes to be sustained at 1% for the life of the plan
5. The level of sales through the Right to Buy scheme projected to be between 43 and 30 every year
6. 68 new homes will be added to the housing stock during 2018/19, at affordable rent levels.
7. The HRA Capital Programme is full funded.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN

APPENDIX 3

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

HRA BUSINESS PLAN MODEL PROJECTIONS APPENDIX 4

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

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APPENDIX 3A

Expenditure Saving / Increase in Income

Title	Value
Trade Waste Income	£56,000
Increase in investment income	£69,000
Reduction in DFG contribution	£93,000
Reduction in Local Council Tax Support	£25,000
Removal of provisions with base budget	£132,000
Increased Planning Fee income as a result of increasing by 20%, net of forecast reduction	£100,000
Self-Build and Brownfield Register Government Grant	£45,000
Increase in recharges from the General Fund	£86,000
Total	**£606,000**

Increased Expenditure/ Reduction in Income

Title	Value
Local Plan review costs	£120,000
Planning appeals legal support	£50,000
Reduction in recycling income	£346,000
Waste services route optimisation	£20,000
Increase in Leisure centres net deficit	£132,000
Property services	£74,000
ICT supplies and services	£234,000
Benefits payments	£21,000
Staffing costs, including: *Incremental increases £123,000* *Pay Award £325,000* *Living Wage £5,000* *Pension increases, £102,000* *Establishment changes implemented in 2017/18 but not previously budgeted for £254,000* *Other £69,000*	£878,000
Budget provision to support improvements identified through the Annual Governance Statement	£20,000
Compliance Officer and Planning Enforcement Officer	£46,000
Additional costs of Planning Service following proposed restructure	£179,000
Increase in Net Financing costs	£27,000
Other de-minimus changes (below £20k)	£93,000
Total	**£2,240,000**

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2018/19

APPENDIX 3B

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

SPECIAL EXPENSES BUDGET SUMMARY

APPENDIX 3C

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

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APPENDIX 4A

HOUSING REVENUE ACCOUNT SUMMARY

LINE NO.	DETAIL	2017/2018 Budget £	Forecast (p9) £	2018/2019 Estimate £
	HOUSING REVENUE ACCOUNT			
1.	TOTAL REPAIRS & MAINTENANCE	5,354,970	5,399,790	5,505,420
	SUPERVISION & MANAGEMENT			
2.	General	2,190,720	1,975,820	2,156,750
3.	Special	502,030	535,470	530,830
4.		2,692,750	2,511,290	2,687,580
5.	PROVISION -DOUBTFUL DEBTS	125,000	125,000	100,000
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	3,139,190	3,139,190	3,139,190
8.	Debt Management Expenses	1,390	1,390	1,210
9.		3,140,580	3,140,580	3,140,400
10.	TOTAL EXPENDITURE	11,313,300	11,176,660	11,433,400
11.	RENT INCOME			
12.	Dwellings	17,109,960	17,202,290	17,029,440
13.	Service Charges	519,460	469,270	512,300
14.	Garages & Sites	85,630	69,940	72,640
15.	Other	21,380	21,320	19,960
16.	TOTAL INCOME	17,736,430	17,762,820	17,634,340
17.	NET COST OF SERVICES	-6,423,130	-6,586,160	-6,200,940
18.	CAPITAL FINANCING - HISTORICAL DEBT	125,000	125,000	125,000
19.	CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
20.	INVESTMENT INCOME	-43,860	-76,550	-83,700
21.	PREMATURE LOAN REDEMPTION PREMIUMS	7,060	7,060	7,060
22.		3,345,370	3,312,680	3,305,530
23.	NET OPERATING EXPENDITURE	-3,077,760	-3,273,480	-2,895,410
24.	REVENUE CONTRIBUTION TO CAPITAL	2,986,380	2,986,380	0
25.	DEPRECIATION CREDIT - VEHICLES	-50,730	-50,730	-50,730
26.		2,935,650	2,935,650	-50,730
27.	NET (SURPLUS) / DEFICIT	-142,110	-337,830	-2,946,140
	HRA BALANCES			
28.	Balance Brought Forward	-1,000,000	-1,000,000	-1,000,000
29.	(Surplus)/Deficit for Year	-142,110	-337,830	-2,946,140
30.	Transfer to Loan Repayment reserve	142,110	337,830	2,946,140
31.	HRA General Balance as at year end	-1,000,000	-1,000,000	-1,000,000
32.	Loan Repayment Reserve balance	-8,054,344	-8,250,064	-11,196,204

APPENDIX 4B

Saving / Increase in Income

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

Investment / Reduction in Income

Ref	Team	Investments Bid Title	Value	RAG
BI11	HRA Business Support	Insurance Tenants Contents Premium proportion passed to Marsh	£5,000	G
BI14	Housing Management	Assistive Technology Officer part time to full time post (February 2018 onwards)	£6,380	G
BI19	Asset Management	Supervisor for Capital Works	£40,000	G
BI22	HRA	Establishment of Local Housing Company	£30,000	G
BI28	Housing Management	Water Charges	£5,000	G
BI4	Asset Management	2% IRT Salary Increase	£13,320	G
BI5	HRA	Rent decrease 1%	£171,920	G
BI7	Asset Management	Annual contract increases for Sure Group, Domestic Energy Assessor Group, Capita Openhousing	£19,110	G
BI8	HRA	2% pay award for staff	£31,290	G
De-min BI	De-minimis (below £5k)	Tenant Scrutiny Panel Events (BI20) £250; Additional IRT Operatives Telephones (BI23) £2,000; Additional IRT Operatives Miscellaneous Expenses (BI25) £2,000; Additional IRT Operatives Operational Equipment (BI27) £4,000; TPAS Annual Subscription (BI9) £770	£9,020	G
Total			**£331,040**	

APPENDIX 4C

COMPARISON OF 2017/18 AND 2018/19 HOUSING CHARGES							
	2017/18		2018/19				
Chargeable Service	**Actual 2017/18**	**Charge**	**Estimates 2018/19**	**Increase/ (Decrease)**	**Percentage Change**	**Charge**	**Basis of Increase**
Service Charges	£510,288	Varies per property	£512,346	£ 2058	0.40%	Largest weekly increase value:£2.26; Largest weekly decrease value: £1.55	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	£84,550	0 Bed: £6.98pw 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	£84,550	£0	0.00%	0 Bed: £6.98pw 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	Based on market assessment of predicted increases in utility costs during 2017/18 and 2018/19.
Garage & Garage Site Rent (before adjustments to income for void loss)	£76,500	Garage: £6.43pw Site: £4.12pw	£79,484	£2,984	3.90%	Garage: £6.68pw Site: £4.28pw	September 2017 RPI increase in line with previous years
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	£15,907	Site: £31.81pw	£16,527	£620	3.90%	Site: £33.05pw	September 2017 RPI increase at anniversary date of each licence in line with previous years.
Shop Leases	£16,302	n/a	£18,584	£2,282	14.00%	Varies by location	14% increase based on Nov 14 Cabinet Report
Tenants Contents Insurance	£51,299	Premiums from £0.44 to £6.70pw	£51,961	£662	1.29% average for all current policy holders	Premiums from £0.36 to £7.41pw	Increase in IPT from 9% to 12.5%, but total budget less as no of customers had reduced
Lifelines for private customers	£103,330	£3.95 pw basic, £5.95 p.w enhanced	£103,330	£0	0.00%	£3.95 pw basic, £5.95 pw enhanced	No change to weekly charge proposed for 2018/19 due to recent introduction of Safe & Well
Lifelines (East Midlands Housing Association)	£38,973	Various depending on scheme	£40,493	£1,520	3.90%	Scheme dependent, but average increase from £2.88 to £2.99 pw	September 2017 RPI increase in line with previous years
Choice Based Lettings Advertising Costs	£22,000	n/a	£22,000	£0	0.00%	n/a	No increase proposed.
Total Services	**£919,149**		**£929,152**	**£10,075**	1.10%		

NWLDC Housing Revenue Account Loan Schedule

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

Loan Type	Principal	Loan Period (Years)	Interest Rate
Maturity (2042)	10,000,000	30	3.5
Annuity	10,000,000	20	2.57
Maturity (2022)	10,000,000	10	2.4
Maturity (2022)	3,000,000	10	2.4
Annuity	10,000,000	15	2.02
Maturity (2037)	10,000,000	25	3.44
Maturity (2042)	13,785,000	30	3.5
Maturity (2042)	10,000,000	30	3.5
	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 5A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2018/19 to 2022/23

SCHEME	DETAIL	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (Inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	FUNDING: GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
User Workstation Replacement	Programme of desktop replacements	Sam Outama	5,053	**5,041**	1,600	5,041	0	0	0	0	0							5,041
Helpdesk software upgrade	Upgrade of the helpdesk software system utilised in house	Sam Outama	0	**3,546**	0	3,546	0	0	0	0	0							3,546
Server and storage additional capacity	Replacement of Storage Area Network (SAN).	Sam Outama	0	**7,551**	7,209	7,551	68,000	0	0	0	0							75,551
Replacement telephone system	Telephone replacements 2017/18	Sam Outama	0	**3,140**	0	3,140	0	0	0	0	0				3,140			
ICT Infrastructure Scheme (Roadmap)	Range of ICT improvements to be implemented in 2017/18	Sam Outama	144,000	**298,523**	146,981	298,523	0	0	0	0	0					259,319		39,204
HR / Payroll System	Purchase and implementation of HR and Payroll system in 2016/17 - 2017/18.	Anna Wright	0	**33,334**	19,093	33,334	0	0	0	0	0					10,000		23,334
IDOX Platform	Provision to move the IDOX system, used to support planning, environrmental health, licencing and building control, to a hosted and fully supported environment.	Sam Outama	0	**0**	0	0	30,000	0	0	0	0					30,000		
User Screen Bulk Replacement	Upgrading of screens as they come to the end of useful lives.	Sam Outama	0	**0**	0	0	25,000	0	0	0	0					25,000		
Firewall Security Replacement	Replacement firewall security.	Sam Outama	0	**0**	0	0	0	85,000	0	0	0							85,000
Website Intranet and Internet	Provision to upgrade the website and intranet in 2020/21	Sam Outama	0	**0**	0	0	0	0	50,000	0	0							50,000
LAN Switches replacement	Scheduled replacement of Local Area Network	Sam Outama	0	**0**	0	0	0	0	50,000	0	0							50,000
WAN and DC Renewal	Wider Area Network and Domain Controller renewal scheduled for 2020/21.	Sam Outama	0	**0**	0	0	0	0	518,000	0	0							518,000
Wi-Fi Replacement	Provision for 2021/22 scheduled replacement of WiFi to ensure connectivity throughout the Council	Sam Outama	0	**0**	0	0	0	0	0	55,000	0							55,000
Desktop Equipment Upgrade	Scheduled desktop upgrade	Sam Outama	0	**0**	0	0	0	0	0	120,000	0							120,000
Laptop Replacements	Scheduled laptop upgrade	Sam Outama	0	**0**	0	0	0	0	0	0	25,000							25,000

APPENDIX 5A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2018/19 to 2022/23

SCHEME	DETAIL	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (Inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	FUNDING: GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OR
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Finance System / Review	Provision for the purchase and implementation of a new finance system to support the finance function of the Council. Procurement subject to Cabinet approval	Anna Wright	0	**0**	0	0	450,000	0	0	0	0							450,000
Disabled Facility Grants	Disabled Facilities Grant expenditure, utilising government DFG funding and internal resources	Minna Scott	1,032,038	**593,509**	22,439	593,509	762,253	622,989	622,989	622,989	622,989		3,437,934			139,264	270,520	0
Refuse Vehicles & Refuse Kerbsider	Rolling programme for replacement fleet at end of life	Paul Coates	847,330	**847,330**	154,354	847,330	650,000	425,000	570,000	550,000	200,000			30,000				3,212,330
Market Vehicles/Cars	Rolling programme for replacement fleet at end of life	Paul Coates	0	**0**	0	0	0	0	12,000	32,000	0							44,000
Vans - Small	Rolling programme for replacement fleet at end of life	Paul Coates	0	**0**	0	0	0	30,000	0	32,000	0							62,000
Vans - Medium	Rolling programme for replacement fleet at end of life	Paul Coates	145,000	**145,000**	88,408	145,000	210,000	80,000	75,000	34,000	60,000							604,000
Vans - Pickup	Rolling programme for replacement fleet at end of life	Paul Coates	25,000	**25,000**	23,058	23,058	35,000	0	0	100,000	0							158,058
Vans - Box Lorry	Rolling programme for replacement fleet at end of life	Paul Coates	40,000	**40,000**	45,420	45,420	40,000	0	130,000	0	0							215,420
Sweeper	Rolling programme for replacement fleet at end of life	Paul Coates	250,000	**129,895**	124,704	124,704	50,000	0	130,000	130,000	0							434,704
Digger/Misc Plant	Rolling programme for replacement fleet at end of life	Paul Coates	0	**59,260**	9,258	59,260	50,000	0	0	0	0							109,260
Mowing	Rolling programme for replacement fleet at end of life	Paul Coates	0	**0**	0	0	60,000	65,000	10,000	50,000	0							185,000
Hermitage Rec Grounds, Whitwick, AW play area car park	Scheduled resurfacing	Paul Coates	7,500	**7,500**	0	0	0	0	0	0	0							0
Belvoir Shopping Centre-Main Service Road, Coalville-Maintenance	Scheduled resurfacing	Paul Coates	0	**10,296**	1,704	10,296	0	0	0	0	0							10,296
Silver Street Car Park, Whitwick - Resurfacing	Scheduled resurfacing	Paul Coates	0	**10,055**	880	880	0	0	0	0	0							880
High Street Car Park Measham - Access Road resurfacing	Scheduled resurfacing	Paul Coates	0	**25,000**	0	25,000	0	0	0	0	0							25,000

APPENDIX 5A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2018/19 to 2022/23

SCHEME	DETAIL	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (Inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	FUNDING: GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OP
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Hood Park LC Car Park Ashby - Resurfacing (section of)	Scheduled resurfacing	Paul Coates	15,000	**15,000**	0	15,000	0	0	0	0	0							15,000
North Service Road Car Park coalville - Improvements	Scheduled resurfacing - essential works	Paul Coates	0	**0**	0	0	40,000	0	0	0	0							40,000
Council Offices Extnsn car park c/ville, Resurfacing	Scheduled resurfacing	Paul Coates	20,000	**0**	0	0	0	20,000	0	0	0							20,000
Linden Way Depot - Extension	To enable adequate storage and safe movement around the site - subject to Cabinet	Paul Coates	0	**0**	0	0	200,000	0	0	0	0							200,000
Linden Way Depot - Workshop Extension	Extension to workshop for maintenance to longer vehicles	Paul Coates	0	**0**	0	0	90,000	0	0	0	0							90,000
District Car Parks - LED Lighting Replacement	Upgrade lighting to more energy efficient LED technology	Paul Coates	0	**0**	0	0	25,000	0	0	0	0							25,000
Coalville Market Upgrade (Phase2)	Upgrade works from 2014/15	Clare Proudfoot	0	**22,295**	7,760	22,295	0	0	0	0	0					22,295		
Market Hall Wall	Works from 2015/16	Clare Proudfoot	0	**7,258**	0	7,258	0	0	0	0	0							7,258
Coalville Market Hall	Roof and Floor works	Head of Economic Development	0	**0**	0	0	0	400,000	0	0	0							400,000
Leisure Centre Project	To build new leisure centre	Paul Sanders	0	**0**	0	0	0	12,276,000	7,199,000	0	0	181,000		2,775,000				16,519,000
Coalville Park-Reconfigure Depot, replace building	Building replacement	Jason Knight	0	**95,000**	9,133	95,000	0	0	0	0	0							95,000
Hood Park LC-Replace outdoor learner pool boiler and pipework	Replacement of old/obsolete equipment	Jason Knight	0	**0**	0	0	10,000	0	0	0	0							10,000
Hood Park-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	**4,515**	0	4,515	0	0	0	0	0							4,515
Hermitage LC-Replace hot water system pipework, heat emitters & cold water storage tank	Replacement of old/obsolete equipment	Jason Knight	0	**0**	0	0	18,000	0	0	0	0							18,000
Hermitage LC-Replace gym air con	Replacement of old/obsolete equipment	Jason Knight	0	**0**	0	0	14,000	0	0	0	0							14,000
Wellbeing Centre at HPLC	To convert changing rooms into fitness area for targeted groups	Jason Knight	0	**399,250**	1,140	399,250	0	0	0	0	0	399,250						
Car Park - Ashby Health	Ashby Cultural Quarter works	Jim Newton	330,000	**692,133**	54,806	692,133	0	0	0	0	0							692,133

APPENDIX 5A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2018/19 to 2022/23

SCHEME	DETAIL	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (Inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	FUNDING: GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OP
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Car Parking Strategy	Replacement meters	Jim Newton	140,000	**137,849**	138,242	137,849	0	0	0	0	0					137,849		
Swannington depot - Demolition	Demolition of old structure (H&S)	Paul Coates	35,000	**35,000**	0	35,000	0	0	0	0	0							35,000
Replace Leisure Centre ICT Servers	Scheduled replacement / upgrade	Jason Knight	15,000	**15,000**	9,562	15,000	0	0	0	0	0							15,000
Refubishment of Moira Furnace Toilet Unit	Refurbishments of toilets	Wendy May	20,000	**20,000**	0	20,000	0	0	0	0	0							20,000
Tractor	Grounds Maintenance team - service improvements	Paul Coates	0	**18,516**	18,516	18,516	0	0	0	0	0							18,516
Indoor Cycles	Replacement of old/obsolete equipment	Jason Knight	0	**14,315**	14,315	14,315	0	0	0	0	0					14,315		
Pool Hoist replacements	Replacement of old/obsolete equipment	Jason Knight	0	**15,000**	0	15,000	0	0	0	0	0					15,000		
Memorial Clock Tower	Urgent and remedial works	Head of Economic Development	0	**120,000**	0	120,000	0	0	0	0	0					120,000		
Castle Donington College - All Weather Pitches - Re-surfacing	Resurfacing of all weather pitches. Item scheduled within PPM.	Property	0	**0**	0	0	30,000	0	0	0	0							30,000
Linden Way Depot - Welfare Facilities	Improvements to facilities for operational and office staff. Item scheduled within PPM.	Property	0	**0**	0	0	50,000	0	0	0	0							50,000
Moira Furnace - Masonry and Drainage upgrades to furnace and Bridge & further remedial works	Listed Monument. Immediate remedial action works and further programme as identified within the PPM.	Property	0	**0**	0	0	170,000	40,000	30,000	25,000	0							265,000
Council Office - Upgrade to failing obsolete fire alarm system	Replacement of old/obsolete equipment. Identified within PPM	Property	0	**0**	0	0	30,000	0	0	0	0							30,000
Council Office - Lift works	Urgent lift works to ensure working order. Item scheduled within PPM.	Property	0	**0**	0	0	30,000	0	100,000	0	0							130,000
Council Offices - (Stenson House) External works to roadway outside registry office	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	0	0	10,000	0							10,000
Council Offices - Replacement LED Lighting throughout (Stenson House & Main Building)	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	25,000	0	0	0							25,000
Council Offices - Main Building - Replacement windows generally	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	110,000	0	0	0							110,000

APPENDIX 5A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2018/19 to 2022/23

SCHEME	DETAIL	BUDGET HOLDER	2017/18 ORIGINAL BUDGET	2017/18 REVISED BUDGET	2017/18 Actual @ Period 6	2017/18 FORECAST (Inc c/f & slippage)	2018/19	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	2022/23 Indicative	FUNDING: GRANTS/S106 CONTRIBUTIONS	DISABLED FACILITIES GRANTS	Capital Receipts	Value for Money Reserve	OTHER RESERVES	REVENUE	LEASING OP
			£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Council Offices - (Stenson House) Link Corridor - Secondary GlazinG replacement and decorate frames	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	12,000	0	0	0							12,000
Council Offices/Stenson House - Replace outdated distribution boards	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	0	20,000	0	0							20,000
Council Offices - (Stenson House) Replacement windows Lightwells and External works	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	0	35,450	0	0							35,450
Coalville Park - resurface car park	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	40,000	0	0	0							40,000
High St Car Park Ibstock - resurfacing	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	0	40,000	0	0							40,000
High Street Car Park Measham - resurfacing	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	0	20,000	0	0							20,000
Bridge Rd Car Park, Coalville - Resurface main through route	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	38,500	0	0	0							38,500
Linden Way Depot - replacement of obsolete external lighting	Scheduled works identified within the PPM	Property	0	**0**	0	0	0	11,000	0	0	0							11,000
TOTAL GENERAL FUND			**3,070,921**	**3,855,111**	**898,581**	**3,836,722**	**3,137,253**	**14,280,489**	**9,612,439**	**1,760,989**	**907,989**	**580,250**	**3,437,934**	**2,805,000**	**3,140**	**773,042**	**270,520**	**25,665,995**

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APPENDIX 5B

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

FUNDING

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

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APPENDIX 5C

2018/19 - 2022/23 HOUSING CAPITAL PROGRAMME, As at 08/11/17
VERSION 2

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2018 - 2023 Home Improvement Programme						
Home Improvement Programme	1,239,340	2,046,398	1,012,264	1,904,235	2,316,168	5,314,290
Home Improvement Programme						
Capital Works - Voids	232,000	217,500	203,000	188,500	188,500	175,000
Capital Works - Other	568,000	532,500	497,000	461,500	461,500	175,000
2018 - 2023 Home Improvement Programme Total	**2,039,340**	**2,796,398**	**1,712,264**	**2,554,235**	**2,966,168**	**5,664,290**
2018 - 2023 Planned Improvement Programme						
Non Decency Improvements	699,914	699,914	699,914	1,170,914	1,170,914	1,170,914
Fire Risk Assessment Remedial Works	87,000	87,000	87,000	87,000	87,000	87,000
Fuel swaps (solid fuel to gas supply)	-	-	-	25,000	25,000	-
2018 - 2023 Planned Improvement Programme Total	**786,914**	**786,914**	**786,914**	**1,282,914**	**1,282,914**	**1,257,914**
New Build						
New Build Programme - use of RTB one for one reserve	340,015	1,151,585		-		
New Build Programme - NWLDC contribution to RTB one for one	793,368	2,687,032				
New Build Programme - NWLDC additional provision						
Support for Acquiring Affordable Housing						
Sites Under Negotiation			2,800,000			
Acquisition of sites						
New Build Total	**1,133,383**	**3,838,617**	**2,800,000**	**-**		**-**
Other Capital Spend						
Off Street Parking	150,000	150,000	150,000	150,000		
Major Aids & Adaptations	300,000	275,000	250,000	250,000	200,000	200,000
Development Site Preparations	-	-	-			
Renewable/Replacement Energy Installations Programme	876,000	876,000	876,000			
Speech Module	50,000	50,000	50,000			
New Housing Systems		527,000				
Sheltered Housing Improvements		60,000				
Capital Programme Delivery Costs	430,909	440,389	450,077	459,979	470,099	480,441
Unallocated/Contingency	236,501	284,216	192,759	211,857	222,454	356,110
Disposal of High Value Assets	-					
Other Capital Spend Total	**2,043,410**	**2,662,604**	**1,968,836**	**1,071,837**	**892,553**	**1,036,551**
Capital Allowances						
Capital Allowances Total	**-**	**-**	**-**	**-**	**-**	**-**
Loan Repayments						
Total Programme Costs	**6,003,047**	**10,084,533**	**7,268,014**	**4,908,986**	**5,141,635**	**7,958,755**
Funding						
Usable balances held @ 31/03/17	0	**7,155,953**	**2,256,988**	**292,338**	**535,968**	**402,481**
Major Repairs reserve balances held @ 31/03/17	591,000	0				
Retained Right to buy Receipts	927,000	245,501	247,956	250,435	250,435	250,435
RTB receipts - attributable debt	3,058,000	1,008,000	946,000	884,000	821,000	696,000
Use of RTB one for one reserve	648,000	405,338	345,645	285,867	234,739	132,484
Other Usable balances held @ 31/03/17	557,000					
RCCO	2,986,000	0	0	0	0	2,948,643
Major Repairs Allowance	3,139,000	3,126,730	3,163,764	3,132,314	3,101,974	3,076,626
Asset Disposals (Capital Allowance)	361,000	400,000	400,000	400,000	400,000	400,000
Renewable Heat Incentive			200,000	200,000	200,000	200,000
Section 106	892,000	0	0	0	0	0
	13,159,000	**12,341,521**	**7,560,352**	**5,444,953**	**5,544,116**	**8,106,669**
Cumulative over/(under) resource	**7,155,953**	**2,256,988**	**292,338**	**535,968**	**402,481**	**147,914**

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Capital Strategy 2018/19

1. Introduction

1.1 This Capital Strategy sets out the Council's priorities and approach to capital investment. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe.

1.2 The Strategy sets the corporate framework within which capital investment is planned, procured, prioritised, managed and funded. The Strategy has direct links to the Council's Asset Management Strategy and forms an integral part of the Council's Medium Term Financial Strategy.

1.3 The aim of this Capital Strategy is to provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities.

1.4 Capital projects will focus on the delivery of long term economic growth and or financial return benefits to the District in the form of:-

- Spend to save
- Spend to earn income or other financial returns
- Attracting significant third party or private resources to the District
- Addressing major infrastructure investment

1.5 The Strategy sets out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans, the Planned Preventative Maintenance (PPM) Schedule and other related strategies.

1.6 The Strategy also considers options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment and to identify the resources available for capital investment over the MTFS planning period.

1.7 The Strategy establishes effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, and the achievement of Value for Money.

2. CAPITAL PROGRAMME NEEDS AND PRIORITIES

2.1 Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long term value to the Council.

2.2 Fixed assets shape the way services are delivered in the long term and create financial commitments for the future, including capital financing and ongoing revenue costs. The classification of assets are as follows:

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

2.3 The Council applies a de-minimus level of £10,000 for individual items to be charged as capital expenditure. Items below this limit are charged to revenue in the year that it is incurred.

2.4 Financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for capital investment has reduced significantly over recent years, and the Council now recognises that it must rely more on internal resources and seek ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.

2.5 The 5 year 2018/19 – 2022/23 General Fund capital programme totals £29,699,159. The programme is funded by a combination of Section 106 developer contributions, Government grants, capital receipts, revenue and internal and external borrowing.

2.6 The Council's PPM identifies the total capital investment need in relation to the Council's asset portfolio. The PPM includes significant backlog maintenance issues across the Councils property portfolio.

2.7 The approach to developing the capital programme is based upon the following:

2.7.1 **Economic Investment** – The Council will continue to seek investments that generate longer term growth in projects that yield a combination of revenue generation (business rates, rent or interest), jobs and capital infrastructure investment. Based on sound business cases the Council will assist in acquiring strategic sites for the delivery of major investment projects.

2.7.2 **Self-Sufficiency** – The Council will seek to invest in assets that support self-sufficiency for the Council.

2.7.3 **Corporate Property** – To reduce its backlog maintenance liability the Council will rationalise its asset base. This is either in the form of the sales of surplus assets or the outsourcing of management arrangements. These will contribute to ongoing revenue savings and / or capital receipts respectively.

2.7.4 **Decent Homes** – The Council will continue to invest in its council housing to maintain the Government's Decent Homes standard.

2.7.5 **Car Parks** – The Council owns and manages 28 car parks within the District. The Council will continue to minimise the ongoing delivery costs, whilst seeking to maximise income. More details with regards to car parks can be found in the Council's Car Parking Strategy.

2.7.6 **Culture & Tourism** – The Council owns two scheduled monument assets: Moira Furnace, a tourist museum operated by an external third party; and the War Memorial Tower, a listed war memorial in the centre of Coalville.

2.7.7 **ICT –** The Council will undertake appropriate investment into ICT hardware and software on a case by case basis. The primary focus is to improve technologies on a spend to save basis.

2.7.8 **Leisure** – The Council currently owns 2 leisure centres, Hood Park Leisure Centre in Ashby and Hermitage Leisure Centre in Whitwick, Coalville. In November 2017, the Council decided to outsource the provision of its leisure centres, to include the closure of the Hermitage site and the building of a new replacement facility in Coalville (funded by the Council), as well as the ongoing maintenance of Hood Park. At the time of writing this Strategy, a procurement exercise is underway to secure an operator. The Council will retain ownership of both the existing and new assets, however from inception of the contract (anticipated April 2019), the new operator will be responsible for all capital improvement works.

2.8 The following material investments will be undertaken between the period of 2018 and 2023:

2.8.1 **New Leisure Centre** – As detailed in 2.7.8 above, a new facility will be delivered through the outsourcing of the Council's Leisure Centre services. The agreed maximum value of the new facility is £19.475m and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of a Cropston Drive, one of the Council's remaining significant land holdings.

3. RESOURCING

3.1 The Capital Programme is resourced as follows:

3.1.1 **Central government** – Grants are allocated in relation to specific programmes or projects. An example of a Government Grant in the current programme is the Disabled Facilities Grant.

3.1.2 **Third Party funding** - Capital grants represent project specific funding for capital projects, in addition to that from Central Government, which is more usually received from quasi-government sources or other national organisations. In developing capital proposals the Council will always seek to maximise such external contributions, subject to any related grant conditions being consistent with the Council's policy aims and targeted outcomes. Frequently such funding, which enhances the Council's investment capacity, will also be linked to match funding arrangements.

3.1.3 **Developer contributions** – these represent contributions from developers towards the provision of public assets or facilities. Sometimes these are to mitigate the impact of their development on communities and often referred to as Section 106 contributions. These contributions are usually earmarked for specific purposes in planning agreements and often related to infrastructure projects.

3.1.4 **Unsupported borrowing** – under the Prudential Code the Council has discretion to self-finance the capital programme by undertaking borrowing to fund capital projects with the full cost of that borrowing being funded from within Council resources, as identified in the MTFS and annual budgets. This discretion is subject to complying with the Code's regulatory framework which essentially requires any such borrowing to be prudent, affordable and sustainable. Unsupported borrowing does provide an option for funding additional capital development but one which has to be funded each year from within the revenue budget or from generating additional ongoing longer term income streams

3.1.5 **Capital receipts from property asset disposal** – the Council has a substantial property estate, mainly for operational service requirements and administrative buildings. This estate is managed through the PPM which identifies property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed

3.1.6 Capital Receipts from Vehicle, Plant and Equipment disposal – the Council has reduced its leasing commitments on vehicles and plant over a number of years and currently all Vehicle, Plant and Equipment is owned by the Authority. The rolling programme of fleet replacement generates capital receipts which are then utilised against future purchases of fleet equipment.

3.1.7 **Revenue and Reserves** – Capital expenditure may be funded directly from an in-year revenue contribution (RCCO – Revenue Contribution to Capital Outlay) or by specific revenue funds previously set aside, such as repairs and renewal funds. However, the general pressures on the Council's revenue budget and Council Tax levels limit the extent to which this may be exercised as a source of capital funding.

3.1.8 How the Capital Programme is Financed over 2018/19 to 2022/23

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

3.2 Utilising unsupported borrowing impacts on the revenue budget from ongoing costs to finance the debt. This is both the interest cost of the borrowing and the Minimum Revenue Provision that is set aside to repay the debt. Given the pressure on the Council's revenue budget in future years, investment will be limited to cases where there was a clear financial benefit, such as "invest to save", "spend to earn" or major regeneration schemes which provide a net return over and above the borrowing cost. Such schemes will focus on the Council's priorities and generate revenue benefits in future financial years in the form of income such interest on loans, rents, council tax or business rate yield will be favoured.

3.3 The Council will continue to consider on a cautious and prudent basis the extent to which prudential borrowing may be undertaken to fund new capital investment, which generates returns over and above the revenue costs of the debt.

3.4 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received.

4. GOVERNANCE AND MONITORING OF THE CAPITAL PROGRAMME

4.1 The Council reviews its capital requirements and determines its Capital Programme within the framework of the MTFS and as part of the annual budget process. Resource constraints mean that the Council continually needs to prioritise expenditure in the light of its aims and priorities and consider alternative solutions.

4.2 The Council's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.

4.3 To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the MTFS.

4.4 The main forum for reviewing financial, risk and governance aspects of the capital programme is the Asset Management Group. This group reviews the strategic direction of the programme, ensures outcomes are aligned with the Council's priorities, significant projects have a viable Business Case and that Value for Money is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.

4.5 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and

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

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

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

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

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

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

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

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

APPENDIX 6
TABLE A

COUNCIL TAX BASE 2018/2019	
PARISH / SPECIAL EXPENSE AREA	**COUNCIL TAX BASE**
APPLEBY MAGNA	499
ASHBY DE LA ZOUCH	5,485
ASHBY WOULDS	1,334
BARDON	10
BELTON	295
BREEDON-ON-THE-HILL	428
CASTLE DONINGTON	2,415
CHARLEY	76
CHILCOTE	53
COALVILLE	6,351
COLEORTON	561
ELLISTOWN & BATTLEFLAT	797
HEATHER	326
HUGGLESCOTE & DONINGTON LE HEATH	1,427
IBSTOCK	2,239
ISLEY WALTON-CUM-LANGLEY	28
KEGWORTH	1,245
LOCKINGTON CUM HEMINGTON	236
LONG WHATTON and DISEWORTH	752
MEASHAM	1,656
NORMANTON-LE-HEATH	64
OAKTHORPE, DONISTHORPE and ACRESFORD	838
OSGATHORPE	198
PACKINGTON	374
RAVENSTONE	954
SNARESTONE	128
STAUNTON HAROLD	62
STRETTON-EN-LE-FIELD	21
SWANNINGTON	466
SWEPSTONE	259
WHITWICK	2,702
WORTHINGTON	573
TOTAL	**32,852**

APPENDIX 6
TABLE B

COUNCIL TAX 2018/2019 - DISTRICT EXPENSES AND SPECIAL ITEMS				
BAND 'D' EQUIVALENTS				
PARISH	DISTRICT EXP'S	PARISH EXP'S	SPECIAL EXP'S	TOTAL BAND D PROPERTY
	£ p	£ p	£ p	£ p
APPLEBY MAGNA	158.58	34.66	3.50	196.74
ASHBY DE LA ZOUCH	158.58	77.85	-	236.43
ASHBY WOULDS	158.58	81.56	-	240.14
BARDON	158.58	-	-	158.58
BELTON	158.58	69.66	-	228.24
BREEDON-ON-THE-HILL	158.58	50.48	-	209.06
CASTLE DONINGTON	158.58	127.86	-	286.44
CHARLEY	158.58	52.63	-	211.21
CHILCOTE	158.58	-	-	158.58
COALVILLE	158.58	-	63.53	222.11
COLEORTON	158.58	25.58	5.31	189.47
ELLISTOWN & BATTLEFLAT	158.58	75.82	-	234.40
HEATHER	158.58	35.94	-	194.52
HUGGLESCOTE & DONINGTON LE HEATH	158.58	68.13	18.00	244.71
IBSTOCK	158.58	88.81	-	247.39
ISLEY WALTON-CUM-LANGLEY	158.58	13.64	-	172.22
KEGWORTH	158.58	84.74	-	243.32
LOCKINGTON CUM HEMINGTON	158.58	42.37	7.10	208.05
LONG WHATTON and DISEWORTH	158.58	51.42	-	210.00
MEASHAM	158.58	66.78	1.08	226.44
NORMANTON-LE-HEATH	158.58	-	-	158.58
OAKTHORPE, DONISTHORPE and ACRESFORD	158.58	59.66	4.22	222.46
OSGATHORPE	158.58	20.24	1.78	180.60
PACKINGTON	158.58	56.27	-	214.85
RAVENSTONE	158.58	57.67	0.41	216.66
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	107.53	7.50	273.61
WORTHINGTON	158.58	15.74	-	174.32

APPENDIX 6

TABLE C

COUNCIL TAX 2018/2019 (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	131.16	153.02	174.88	196.74	240.47	284.19	327.90	393.48
ASHBY DE LA ZOUCH	157.62	183.89	210.16	236.43	288.97	341.51	394.05	472.86
ASHBY WOULDS	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	152.16	177.52	202.88	228.24	278.96	329.68	380.40	456.48
BREEDON-ON-THE-HILL	139.37	162.60	185.83	209.06	255.52	301.97	348.43	418.12
CASTLE DONINGTON	190.96	222.79	254.61	286.44	350.09	413.75	477.40	572.88
CHARLEY	140.81	164.28	187.74	211.21	258.15	305.08	352.02	422.42
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	126.31	147.36	168.41	189.47	231.57	273.67	315.78	378.94
ELLISTOWN & BATTLEFLAT	156.27	182.31	208.36	234.40	286.49	338.58	390.67	468.80
HEATHER	129.68	151.30	172.91	194.52	237.75	280.98	324.21	389.04
HUGGLESCOTE & DONINGTON LE HEATH	163.14	190.33	217.52	244.71	299.09	353.47	407.85	489.42
IBSTOCK	164.93	192.42	219.90	247.39	302.37	357.34	412.32	494.78
ISLEY WALTON-CUM-LANGLEY	114.82	133.95	153.09	172.22	210.49	248.77	287.04	344.44
KEGWORTH	162.21	189.25	216.28	243.32	297.39	351.46	405.53	486.64
LOCKINGTON CUM HEMINGTON	138.70	161.82	184.93	208.05	254.29	300.53	346.75	416.10
LONG WHATTON and DISEWORTH	140.00	163.33	186.67	210.00	256.67	303.33	350.00	420.00
MEASHAM	150.96	176.12	201.28	226.44	276.76	327.08	377.40	452.88
NORMANTON-LE-HEATH	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
OAKTHORPE, DONISTHORPE and ACRESFORD	148.30	173.02	197.74	222.46	271.89	321.33	370.76	444.92
OSGATHORPE	120.40	140.46	160.53	180.60	220.74	260.87	301.01	361.20
PACKINGTON	143.23	167.11	190.98	214.85	262.59	310.34	358.08	429.70
RAVENSTONE	144.44	168.52	192.58	216.66	264.81	312.95	361.10	433.32
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	197.76	233.72	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	326.28	376.48	451.78
WHITWICK	182.41	212.81	243.22	273.61	334.42	395.22	456.02	547.22
WORTHINGTON	116.21	135.58	154.95	174.32	213.06	251.80	290.54	348.64

APPENDIX 6

TABLE D

COUNCIL TAX 2018/2019 (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	828.40	966.47	1,104.53	1,242.60	1,518.74	1,794.87	2,071.00	2,485.20
LEICESTERSHIRE POLICE AND CRIME COMMISSIONER	132.82	154.96	177.09	199.23	243.50	287.78	332.05	398.46
COMBINED FIRE AUTHORITY	43.14	50.33	57.52	64.71	79.09	93.47	107.85	129.42

APPENDIX 6

TABLE E

TOTAL COUNCIL TAX 2018/2019 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	1,135.52	1,324.78	1,514.02	1,703.28	2,081.80	2,460.31	2,838.80	3,406.56
ASHBY DE LA ZOUCH	1,161.98	1,355.65	1,549.30	1,742.97	2,130.30	2,517.63	2,904.95	3,485.94
ASHBY WOULDS	1,164.45	1,358.54	1,552.60	1,746.68	2,134.83	2,522.99	2,911.13	3,493.36
BARDON	1,110.08	1,295.10	1,480.10	1,665.12	2,035.15	2,405.18	2,775.20	3,330.24
BELTON	1,156.52	1,349.28	1,542.02	1,734.78	2,120.29	2,505.80	2,891.30	3,469.56
BREEDON-ON-THE-HILL	1,143.73	1,334.36	1,524.97	1,715.60	2,096.85	2,478.09	2,859.33	3,431.20
CASTLE DONINGTON	1,195.32	1,394.55	1,593.75	1,792.98	2,191.42	2,589.87	2,988.30	3,585.96
CHARLEY	1,145.17	1,336.04	1,526.88	1,717.75	2,099.48	2,481.20	2,862.92	3,435.50
CHILCOTE	1,110.08	1,295.10	1,480.10	1,665.12	2,035.15	2,405.18	2,775.20	3,330.24
COALVILLE	1,152.43	1,344.51	1,536.57	1,728.65	2,112.80	2,496.95	2,881.08	3,457.30
COLEORTON	1,130.67	1,319.12	1,507.55	1,696.01	2,072.90	2,449.79	2,826.68	3,392.02
ELLISTOWN & BATTLEFLAT	1,160.63	1,354.07	1,547.50	1,740.94	2,127.82	2,514.70	2,901.57	3,481.88
HEATHER	1,134.04	1,323.06	1,512.05	1,701.06	2,079.08	2,457.10	2,835.11	3,402.12
HUGGLESCOTE & DONINGTON LE HEATH	1,167.50	1,362.09	1,556.66	1,751.25	2,140.42	2,529.59	2,918.75	3,502.50
IBSTOCK	1,169.29	1,364.18	1,559.04	1,753.93	2,143.70	2,533.46	2,923.22	3,507.86
ISLEY WALTON-CUM-LANGLEY	1,119.18	1,305.71	1,492.23	1,678.76	2,051.82	2,424.89	2,797.94	3,357.52
KEGWORTH	1,166.57	1,361.01	1,555.42	1,749.86	2,138.72	2,527.58	2,916.43	3,499.72
LOCKINGTON CUM HEMINGTON	1,143.06	1,333.58	1,524.07	1,714.59	2,095.62	2,476.65	2,857.65	3,429.18
LONG WHATTON and DISEWORTH	1,144.36	1,335.09	1,525.81	1,716.54	2,098.00	2,479.45	2,860.90	3,433.08
MEASHAM	1,155.32	1,347.88	1,540.42	1,732.98	2,118.09	2,503.20	2,888.30	3,465.96
NORMANTON-LE-HEATH	1,110.08	1,295.10	1,480.10	1,665.12	2,035.15	2,405.18	2,775.20	3,330.24
OAKTHORPE, DONISTHORPE and ACRESFORD	1,152.66	1,344.78	1,536.88	1,729.00	2,113.22	2,497.45	2,881.66	3,458.00
OSGATHORPE	1,124.76	1,312.22	1,499.67	1,687.14	2,062.07	2,436.99	2,811.91	3,374.28
PACKINGTON	1,147.59	1,338.87	1,530.12	1,721.39	2,103.92	2,486.46	2,868.98	3,442.78
RAVENSTONE	1,148.80	1,340.28	1,531.72	1,723.20	2,106.14	2,489.07	2,872.00	3,446.40
SNARESTONE	1,142.00	1,332.34	1,522.66	1,713.00	2,093.67	2,474.34	2,855.00	3,426.00
STAUNTON HAROLD	1,112.23	1,297.61	1,482.97	1,668.35	2,039.09	2,409.84	2,780.58	3,336.70
STRETTON-EN-LE-FIELD	1,148.11	1,339.47	1,530.81	1,722.17	2,104.88	2,487.59	2,870.28	3,444.34
SWANNINGTON	1,137.79	1,327.43	1,517.05	1,706.69	2,085.96	2,465.23	2,844.48	3,413.38
SWEPSTONE	1,154.95	1,347.45	1,539.93	1,732.43	2,117.42	2,502.40	2,887.38	3,464.86
WHITWICK	1,186.77	1,384.57	1,582.36	1,780.15	2,175.75	2,571.34	2,966.92	3,560.30
WORTHINGTON	1,120.57	1,307.34	1,494.09	1,680.86	2,054.39	2,427.92	2,801.44	3,361.72

APPENDIX 6
TABLE F

EFFECT ON BAND D COUNCIL TAX BY PERCENTAGE 2018/2019

PARISH / SPECIAL EXPENSE AREA	DISTRICT	PARISH	SPECIAL ITEMS	LEICESTERSHIRE COUNTY COUNCIL	LEICESTERSHIRE FIRE AND RESCUE	POLICE AND CRIME COMMISSIONER	TOTAL OVERALL CHANGE
APPLEBY MAGNA	0.00%	-5.48%	0.00%	5.99%	2.98%	6.41%	**5.06%**
ASHBY DE LA ZOUCH	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.07%**
ASHBY WOULDS	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.06%**
BARDON	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.32%**
BELTON	0.00%	0.62%	0.00%	5.99%	2.98%	6.41%	**5.12%**
BREEDON-ON-THE-HILL	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.15%**
CASTLE DONINGTON	0.00%	2.86%	0.00%	5.99%	2.98%	6.41%	**5.14%**
CHARLEY	0.00%	4.76%	0.00%	5.99%	2.98%	6.41%	**5.30%**
CHILCOTE	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.32%**
COALVILLE	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.11%**
COLEORTON	0.00%	-1.43%	0.00%	5.99%	2.98%	6.41%	**5.19%**
ELLISTOWN & BATTLEFLAT	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.08%**
HEATHER	0.00%	1.73%	0.00%	5.99%	2.98%	6.41%	**5.24%**
HUGGLESCOTE & DONINGTON LE HEATH	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.04%**
IBSTOCK	0.00%	-4.65%	0.00%	5.99%	2.98%	6.41%	**4.76%**
ISLEY WALTON-CUM-LANGLEY	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.27%**
KEGWORTH	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.05%**
LOCKINGTON CUM HEMINGTON	0.00%	11.59%	0.00%	5.99%	2.98%	6.41%	**5.44%**
LONG WHATTON and DISEWORTH	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.15%**
MEASHAM	0.00%	1.50%	0.00%	5.99%	2.98%	6.41%	**5.16%**
NORMANTON-LE-HEATH	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.32%**
OAKTHORPE, DONISTHORPE and ACRESFORD	0.00%	4.94%	0.00%	5.99%	2.98%	6.41%	**5.29%**
OSGATHORPE	0.00%	-0.25%	0.00%	5.99%	2.98%	6.41%	**5.24%**
PACKINGTON	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.14%**
RAVENSTONE	0.00%	-0.79%	0.00%	5.99%	2.98%	6.41%	**5.10%**
SNARESTONE	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.16%**
STAUNTON HAROLD	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.31%**
STRETTON-EN-LE-FIELD	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.13%**
SWANNINGTON	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.18%**
SWEPSTONE	0.00%	0.00%	0.00%	5.99%	2.98%	6.41%	**5.10%**
WHITWICK	0.00%	49.00%	0.00%	5.99%	2.98%	6.41%	**7.19%**
WORTHINGTON	0.00%	-0.51%	0.00%	5.99%	2.98%	6.41%	**5.26%**

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – TUESDAY, 27 FEBRUARY 2018

Title of report	**THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19 AND PRUDENTIAL INDICATORS 2018/19 TO 2020/21**
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 bev.smith@nwleicestershire.gov.uk Head of Finance/Section 151 Officer 01530 454707 tracy.ashe@nwleicestershire.gov.uk
Purpose of report	To seek approval of the Treasury Management Strategy Statement, the prudential indicators and the Annual Minimum Revenue Provision Statement.
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT	 Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority. Could impact upon all CAT's.
Risk Management Equalities Impact Screening Human Rights Transformational Government	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. Not applicable. Not applicable. Not applicable.
Comments of Head of Paid Service	The report is satsifactory
Comments of Section 151 Officer	As author, the report is satisfactory
Comments of Deputy	The report is satisfactory

Monitoring Officer	
Consultees	The Authority's Treasury Advisor; Corporate Leadership Team;
Background papers	Treasury Management Strategy Statement 2018/19 – report and minutes of Cabinet on Tuesday, 6 February 2018
Recommendations	**THAT COUNCIL APPROVES THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19, PRUDENTIAL INDICATORS -REVISED 2017/18 AND 2018/19 TO 2020/21-AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT**

1.0 INTRODUCTION

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

1.2 CIPFA have responsibility for the Treasury Management Code of Practice and Prudential Code and have consulted on these in 2017 and revised codes were published in December 2017. The Department for Communities and Local Government is responsible for preparing the guidance on Local Authority Investments and the guidance on Minimum Revenue Provision.

1.3 In accordance with DCLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this statement is based, change significantly; or if amendments to the codes and guidance arising from the consultations, require the Treasury Management Strategy Statement to be updated.

1.4 CIPFA has defined Treasury Management as: "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.5 The TMSS and prudential indicators fulfil the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and DCLG Guidance.

The TMSS sets out:

a. Background information used to determine borrowing and investment requirements (paragraphs 2.2 and 2.3).
b. Organisational roles and responsibilities (paragraph 1.7).
c. The role of the Authority's treasury advisor (paragraph 1.8).
d. Reporting and monitoring of treasury management activity (paragraph 1.9).
e. Borrowing and debt rescheduling strategies. Total Authority's interest payments on existing debt are estimated at £2,739,773 in 2018/19.
f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £229,000 in 2018/19 (General Fund - £145,300, HRA - £83,700).

g. Treasury Management and Prudential Indicators for 2018/19 to 2020/21. These are designed to monitor borrowing limits, debt levels and investment returns.
h. Annual Minimum Revenue Provision Statement for 2018/19. General Fund MRP is estimated at £619,527.

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

1.6 The Authority is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are important and integral elements of treasury management activities. The main risks to the Authority's treasury activities are:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in interest rate levels)
- Inflation Risk (exposure to inflation)
- Refinancing Risk (impact of refinancing on suitable terms)
- Legal & Regulatory Risk (failure to act in accordance with powers or regulatory requirements)

1.7 Organisational Roles and Responsibilities

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

Section 151 Officer – overall responsibility for the treasury management function to include:
Ensuring the organisation of the treasury management function is adequate to meet current requirements:
- Investment, borrowing and debt rescheduling decisions.
- Monitoring adherence to approved Treasury Management Strategy Statement.
- Regular reporting to Members on treasury management activity.

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

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

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

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

1.8 The Role of the Authority's Treasury Advisor

The Authority currently employs Arlingclose Ltd as treasury advisor to provide the following services; strategic treasury management advice, advice relating to Housing & Capital finance, leasing advice, economic advice and interest rate forecasting, debt

restructuring and portfolio review (structure and volatility), counterparty credit ratings and other creditworthiness indicators and training, particularly investment training, for Members and officers.

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

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

1.9 Reporting and Monitoring of Treasury Management Activity

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

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

2.0 THE TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19

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

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

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

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

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

raised official interest rates to 0.5% in November 2017.

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

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

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

The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

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

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

2.3 Outlook for UK Interest Rates:

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

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

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

3.0 IMPLICATIONS FOR TREASURY ACTIVITY

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

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

Investments will be prioritised and based upon the principles of security, liquidity and yield.

4.0 MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID)

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

4.2 MiFID originally introduced three categories for clients of financial services firms, when dealing with regulated investments. These categories reflected the level of understanding of Financial Instruments required for: Retail Clients; Professional Clients and eligible counterparties. New rules come into effect from 3 January 2018 which mean that the Authority will be re-classified to 'Retail Client' from 'Professional Client' status.

4.3 This re-categorisation seeks to provide additional protections for retail clients by ensuring that financial services firms provide investments that are suitable for the client but will also limit the investment options available to the authority. With the agreement of the firm, a client can elect to move to a different category if it meets specified critreria.

4.2 The Authority has elected to 'opt-up' to Professional status so that it can continue to access the range of investment options that it currently has access to.

5.0 FUTURE SIGNIFICANT EVENTS

5.1 In November 2017, the Council decided to conduct a lawful procurement and subsequently award a contract for the outsourced management of the Council's Hermitage and Hood Park leisure centre facilities and creation of a new £20m facility. At the time of writing this report, a procurement exercise is underway to secure an operator. The Council will retain ownership of both the existing and new assets, however from inception of the contract (anticipated April 2019), the new operator will be responsible for all capital improvement works. The maximum capital value of the new facility will be £19.475m and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of a Cropston Drive, one of the Council's remaining significant land holdings.

5.2 From time to time the authority will consider other service delivery models (for example shared service) and these will potentially affect the authority's balance sheet and treasury position. As at such time that these alternative delivery models are agreed and implemented, in line with paragraph 1.3 above which outlines that this strategy should be updated should the assumptions on which this statement is based alter significantly.

6.0 THE AUTHORITY'S CURRENT BALANCE SHEET AND TREASURY POSITION

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

	31.03.17 Actual £m	31.03.18 Estimate £m	31.03.19 Forecast £m	31.03.20 Forecast £m	31.03.21 Forecast £m
General Fund CFR	14.4	16.1	17.8	27.8	35.7
HRA CFR	75.1	74.0	72.9	71.8	70.6
Total CFR	**89.5**	**90.1**	**90.7**	**99.6**	**106.3**
Less: External Borrowing	(83.4)	(82.3)	(81.2)	(80.1)	(79.0)
Internal Borrowing	**6.1**	**7.8**	**9.5**	**19.5**	**27.3**
Less: Usable Reserves	(21.3)	(23.4)	(22.7)	(22.7)	(20.7)
Less: Working Capital Estimate	0.3	0.3	0.3	0.3	0.3
Investments (or New Borrowing)	**14.9**	**15.3**	**12.9**	**2.9**	**(6.9)**

6.2 The Authority has an increasing General Fund CFR due to the use of borrowing to fund the Capital Programme, which includes the Leisure Services Project which was agreed at Council 21 November 2017.

6.3 The Leisure Project is scheduled for 2019/20 to 2020/21. In 2019/20 the Authority will be utilising internal borrowing. The effect of this is that there is less cash available for investment by 31 March 2020. By 31 March 2021, there is no availability for investment but there will be a requirement for borrowing.

6.4 The Authority's level of physical debt and investments is linked to the components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Authority's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Authority's short term strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).

The following table shows the Investment and debt portfolio position:

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

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

7.0 THE COUNCIL'S APPROACH TO BEING COMMERCIAL

7.1 The Investment Strategy included in Appendix C provides the strategic framework in which it's investment activity is undertaken.

7.2 In line with the Medium Term Financial Strategy 2018 – 2023, the Investment Strategy has been revised and updated to allow the flexibility required in adopting a commercial approach.

7.3 The Strategy provides Members with the flexibility to undertake differing forms of investments for the Council, including, but not limited to investment in property funds and investment in a Council owned company for the purposes of trading (such as a Local Housing Company). The strategy has been updated to reflect how the Authority may purchase property for non-treasury investments eg. the purchase of property for income generating activities. These key amendments provide members with the flexibility to undertake new forms of longer term investment.

7.4 It is important for members to note however, that at a time when the Council is due to invest some £19.5m into a new leisure facility for Coalville under the Sports and Leisure project, it is unlikely that any new significant investments will be undertaken utilising the Council's internal reserves.

APPENDIX A

BORROWING STRATEGY 2018/19

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B

DEBT RESCHEDULING STRATEGY 2018/19

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

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

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

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

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

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

APPENDIX C

ANNUAL INVESTMENT STRATEGY 2018/19

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

Investment Policy

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

The Authority's investment priorities are:

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

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

Investment Strategy

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

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

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

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

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

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

Investment of money borrowed in advance of need

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

Approved Counterparties

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Specified Investments: The DCLG Guidance defines specified investments as those:
- Denominated in pound sterling
- Due to be repaid within 12 months of arrangement
- not defined as capital expenditure by Legislation
- invested with one of:
    - the UK Government
    - a UK local authority, parish council, community Council
    - a body or investment scheme of 'high credit quality'

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

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

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

	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 (max £6m per fund)
Long-Term (Non-Specified) Investments	£12m in total
Other Non-Specified Investments (not meeting the definition of 'high credit quality'	£5m in total

Policy on use of Financial Derivatives

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

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

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

Non-Treasury Investments

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

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

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

APPENDIX D

APPORTIONMENT OF INTEREST STRATEGY 2018/19

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

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

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

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

APPENDIX E

PRUDENTIAL INDICATORS

1 Background

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

2. Estimates of Capital Expenditure

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

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

Capital expenditure will be financed or funded as follows:

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

3. Capital Financing Requirement

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

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

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

4. Gross Debt and the Capital Financing Requirement

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

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

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

5. Authorised Limit and Operational Boundary for External Debt

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

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

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

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	**2017/18 Approved £m**	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
Borrowing	95.462	96.929	114.255	132.682	138.872
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
Total	**96.162**	**97.629**	**114.955**	**133.382**	**139.572**

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	**2017/18 Approved %**	**2017/18 Revised %**	**2018/19 Estimate %**	**2019/20 Estimate %**	**2020/21 Estimate %**
Non-HRA	8.17	6.20	6.97	7.91	14.00
HRA	12.74	12.54	12.45	12.52	12.38
Total (Average)	**10.94**	**9.73**	**10.08**	**10.54**	**13.03**

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

7. Incremental Impact of Capital Investment Decisions

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

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

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

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

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

8. Adoption of the CIPFA Treasury Management Code

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

TREASURY MANAGEMENT INDICATORS

9. Upper Limits for Fixed and Variable Interest Rate Exposure

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

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

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

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

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

10. Maturity Structure of Fixed Rate borrowing

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

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

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

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

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

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

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

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

APPENDIX F

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

Background

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

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

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

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

MRP Options:

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

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

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

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

Option 4 - Depreciation Method.

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

MRP Policy for 2018/19:

The Authority will apply Option 1 in respect of supported capital expenditure.
The Authority will apply Option 2 in respect of unsupported capital expenditure.

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

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL - TUESDAY, 27 FEBRUARY 2018

Report Title	**NOTIFICATION OF AN URGENT DECISION - BUSINESS RATES RETENTION PILOT BID**
Contacts	Councillor Richard Blunt 01530 454510 richard.blunt@nwleicestershire.gov.uk Chief Executive 01530 454500 bev.smith@nwleicestershire.gov.uk Head of Finance 01530 454707 tracy.ashe@nwleicestershire.gov.uk
Purpose of report	In accordance with the Council's Constitution, to formally report that the Cabinet has taken a decision which was considered to be urgent and, if delayed, the Council's interests would be seriously prejudiced.
Council priorities	Business and Jobs, Value for Money
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	 Financial implications were taken into account by Cabinet in reaching its decision. None To comply with Rule 13 (call-in urgency) of Part 4.6 of the Council's Constitution, that urgent decisions made by Cabinet are to be reported to Council. Not applicable Not applicable Not applicable
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Deputy Monitoring Officer	The report is satisfactory.

Consultees	The Chairman of the Council The Chairman of the Policy Development Group
Background papers	Report to Cabinet on 17 October 2017
Recommendations	**THAT COUNCIL NOTES THE REPORT.**

1.0 BACKGROUND

1.1 As set out in Rule 13 (call-in urgency) of Part 4.6 of the Council's Constitution, the call-in procedure does not apply where a decision being taken by the Cabinet is urgent. A decision is considered urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests.

1.2 In all circumstances, the Chairman of the Council must agree that the decision is reasonable and must agree to the decision being treated as a matter of urgency.

1.3 Decisions taken as a matter of urgency must be recorded in the minutes and be reported to the next available meeting of the Council, together with the reasons for urgency.

2.0 SUMMARY OF THE DECISION MADE BY CABINET

2.1 An urgent executive decision was taken by Cabinet at its meeting on 17 October 2017. A summary of the decisions is detailed below:-

Business Rates Retention Pilot Bid

2.2 On 1 September 2017 DCLG published an invitation to Local Authorities in England to submit a bid to pilot 100% Business Rates Retention in 2018/19. The invitation was specifically aimed at new pooling arrangements and tier-split models of authorities.

2.3 The report sought Cabinet's approval to submit a bid to become a business rates pilot for 2018-19 as part of a Leicestershire-wide business rates pilot bid. The report also sought delegated authority for the Director, in consultation with the Corporate Portfolio Holder, to agree the detail of the bid in conjunction with other Leicestershire local authorities and to enter into a pilot scheme if the bid was successful.

2.4 As the deadline for bids was Friday, 27 October 2017, the approval of the Chairman of the Council was sought for an exemption to the Council's Scrutiny Procedure Rules in relation to call-in. Any call-in would have prevented the ability to submit the bid by deadline of 27 October, and given that the application was on a combined Leicestershire basis, would have removed the opportunity for all Leicestershire Authorities to participate.

2.5 In December 2017, the successful pilots were announced as part of the provisional Local Government Finance Settlement 2018/19. Unfortunately, the Leicestershire bid was not successful. London and 10 areas outside of London (including our neighbours in Derbyshire) were selected out of 23 bids. The Department for Communities and Local Government have indicated that there will be further opportunities to become a pilot in 2019/20.