

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

Time/Date 6.30 pm on TUESDAY, 25 FEBRUARY 2014
Location Council Chamber, Council Offices, Coalville
Officer to contact Democratic Services (01530 454512)

Christie E. Fisher

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Chief Executive

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.

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 the following motion received from Councillor N Clarke:

"Council notes:

That a growing number of local authorities are now paying the Living Wage.

That the Living Wage is a level of pay which is based on the principle of decency that work should pay at least enough to provide for the essentials of life.

That the Living Wage has been independently set nationally at £7.65 and £8.80 for London per hour.

Therefore this Council;

- Supports the introduction of the Living Wage for all its employees with effect from 1 April 2014
- Works towards accreditation as a Living Wage Employer.
- Seeks to ensure its contractors and suppliers of goods and services do likewise.
- Uses its influence to encourage all employers within the District to also implement the living wage for their employees".

8. PETITIONS

To receive petitions in accordance with the Council's Petition Scheme.

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| | To confirm the minutes of the meeting of the Council held on 21 January 2014. | 5 - 16 |
| 10. BUDGET AND COUNCIL TAX 2014/15 | | |
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| 11. LOCAL PLAN ADVISORY COMMITTEE | | |
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| 12. NOTIFICATION OF AN URGENT DECISION - BUSINESS RATES POOL | | |
| | Report of the Chief Executive Presented by the Leader | 107 - 110 |

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MINUTES of a meeting of the COUNCIL held in the Council Chamber, Council Offices, Coalville on TUESDAY, 21 JANUARY 2014

Present: Councillor G Jones (Chairman)

Councillors R Adams, G A Allman, R D Bayliss, R Blunt, A Bridges, J Bridges, N Clarke, P Clayfield, J Cotterill, J G Coxon, D De Lacy, D Everitt, J Geary, T Gillard, R Holland, J Hoult, D Howe, P Hyde, R Johnson, C Large, J Legrys, L Massey, C Meynell, T Neilson, T J Pendleton, V Richichi, J Ruff, N J Rushton, A C Saffell, S Sheahan, N Smith, A V Smith MBE, M Specht, L Spence, D J Stevenson and M B Wyatt

In Attendance: Councillors

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

57. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Woodward.

58. DECLARATION OF INTERESTS

Councillors R Blunt, J G Coxon, T J Pendleton, N J Rushton, S Sheahan, L Spence and M B Wyatt declared a disclosable non-pecuniary interest in item 7 - Motions, as Members of Leicestershire County Council.

Councillor R Blunt declared a disclosable pecuniary interest in item 10 - High Speed Rail (HS2) Phase 2: Consultation in Respect of Proposed Route from West Midlands to Leeds - Response of North West Leicestershire District Council, as a land owner who could be affected by the proposed route of HS2.

Councillor J G Coxon declared a disclosable pecuniary interest in item 10 - High Speed Rail (HS2) Phase 2: Consultation in Respect of Proposed Route from West Midlands to Leeds - Response of North West Leicestershire District Council, as a land and property owner who could be affected by the proposed route of HS2.

Councillor C Large declared a disclosable pecuniary interest in item 10 - High Speed Rail (HS2) Phase 2: Consultation in Respect of Proposed Route from West Midlands to Leeds - Response of North West Leicestershire District Council, as an employee of Staunton Harold Estates and having interests in land that may be affected by the proposed route of HS2.

Councillor C Meynell declared a disclosable non-pecuniary interest in item 10 - High Speed Rail (HS2) Phase 2: Consultation in Respect of Proposed Route from West Midlands to Leeds - Response of North West Leicestershire District Council, due to his association with Staunton Harold Estates, which could be affected by the proposed route of HS2.

Councillor S Sheahan declared a disclosable pecuniary interest in item 10 - High Speed Rail (HS2) Phase 2: Consultation in Respect of Proposed Route from West Midlands to Leeds - Response of North West Leicestershire District Council, as a property owner who could be affected by the proposed route of HS2.

59. CHAIRMAN'S ANNOUNCEMENTS

With great sadness, the Chairman announced the untimely death of former District Councillor, Steve Peace, who was the ward member for the Hugglescote ward for 16

years from May 1991 to May 2007. The Chairman invited Members to join him in observing a minute's silence in memory of Steve Peace.

Councillor P Hyde said some kind words in remembrance of Steve Peace. He recalled that they had been partners in the same ward for twelve years. He stated that he was unconventional, but that there was no better campaigner and representative for the people of Hugglescote. He referred to the number of community projects that were supported by Steve Peace, who believed in fairness for all. He mentioned the family he had inherited in his second marriage. He added that he was honoured to represent his group and the Council at the service in Whitby, and he was hoping to arrange a commemorative service in Hugglescote. He stated that Steve Peace was a good man and this was a sad loss for the District.

Councillor P Clayfield said some kind words in remembrance of Steve Peace. She had acted as his Deputy on the Policy Review and Development Board and recalled that they had worked well together. She stated that she had always found him to be fair and inclusive, and offered engagement to any Member of any political affiliation. She added that he was passionate about politics and always worked for the good of the District. She felt sad that at the age of 60, he had had no time to enjoy retirement. She stated that she had very fond memories of him.

Councillor J Geary said some kind words in remembrance of Steve Peace. He recalled that he had first met him at the opening of the Springboard Centre in 1985. He referred to his assistance in forming Mantle Community Arts, which was still going strong today. He stated that he championed the 'underman' and commented that the vast majority of his allowances were put back into the community. He added that he would bend over backwards to help anyone and everyone, and the people had lost a true champion with his passing.

Councillor N J Rushton said a few words in remembrance of Steve Peace. He stated that he was a bit of a maverick but he had appreciated him as he was a proper old-fashioned Labour Member. He added that he died too young and would certainly be missed.

60. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

Councillor R Blunt reminded Members that this month marked the 25th anniversary of the Kegworth air disaster which had deeply affected the District. Of the 126 passengers and crew on board, 47 were killed and 74 were seriously injured. He reminded Members that following the disaster, the Council had dedicated a plaque to those who died, those who were injured and those who took part in saving lives. This plaque still stood on the footbridge 200 yards from the crash site. On behalf of all Members, Councillor R Blunt expressed condolences to the families and survivors.

Councillor A V Smith announced that the Council had agreed to sign up to the Armed Forces Community Covenant. She stated that by signing the Covenant, the Council was making a public statement and commitment to working with the Armed Forces community in North West Leicestershire. She added that North West Leicestershire was proud of its longstanding links with the serving and ex serving members of HM Armed Forces and was supportive of the aims of the Covenant. She recognised that signing the Covenant would allow existing relationships with the Armed Forces to be developed, particularly with the list of forthcoming significant national events starting this year with the 100 year anniversary of the commencement of World War I. She advised that the pledge would be signed by the Leader of the Council, Andrew Bridgen MP, the Chief Executive of the Council and Jim Rowlinson, Chair of the North West Leicestershire Royal British Legion Groups, representing the Armed Forces community.

Councillor J Legrys said a few words about the Kegworth air crash and reiterated the importance of remembering the people who were involved in clearing the motorway. He referred in particular to one of the first people to arrive at the site who had been deeply disturbed at what he had witnessed. He added that there were a lot of additional names that should be listed on the memorial plaque.

Councillor J Legrys wished it to be noted that the Labour Group welcomed the Armed Forces Community Covenant. He encouraged the Administration to extend the Covenant. He requested that it be noted that should the Labour Group take control of the Council in 2015, they would wish the commitment to the Covenant to continue. He spoke of his personal knowledge of fallen service personnel and expressed his desire to be involved.

Councillor G Jones spoke of the many people who were affected by the Kegworth air disaster, in particular the first firemen on the scene.

Councillor T J Pendleton spoke about the Kegworth air disaster as Kegworth and Whatton Ward Member. He added that his wife was also the County Council Ward Member at that time. He stated that it was noticeable as events unfolded that the forces were the first to arrive on the scene, and they had directed the traffic superbly to ensure there were no road accidents.

Councillor T J Pendleton announced that the proposals in respect of the Rail Freight Interchange in the District would go to public consultation next week. He reported that Roxhill had also offered to present their proposals to the Members Planning Forum next week. He invited all Members to attend.

Councillor T J Pendleton updated Members on the development of the new Core Strategy. He stated that lessons had been learned and work was progressing in earnest to prepare the document to fulfil the Council's obligations and update the development plan. He added that new data was being utilised which would put the Council in a strong position. He reported that Cabinet had agreed to appoint a new specialist advisor who had a sound understanding of current trends. In respect of the timeline, Councillor T J Pendleton assured Members that work was continuing to ensure that the Core Strategy could be resubmitted as soon as possible and he would update Council at its next meeting. He reported that Cabinet were also seeking to create a cross-party working group to ensure plans were developed in ways which gave Members an opportunity to shape them. Councillor T J Pendleton advised that he had provided Town and Parish Councils with an update, and the Chief Executive would be meeting with them and providing updates quarterly. He stated that he would provide an update at every Council meeting, by way of an announcement or a full report as appropriate.

Councillor J Legrys stated that he was personally pleased about the appointment of the specialist consultant as he had heard good reports. He added that he was particularly pleased that someone had been employed who was working on the Lyons review. He stated that he was amused by the hesitance of the Portfolio Holder to say how long it would take to resubmit the Core Strategy, as he had been advised that it would be 2015 at the earliest. He stated that the Chief Executive was working hard to obtaining new housing figures through the LLEP. He added that there would be a lot of discussion over the next year with neighbouring authorities under the duty to co-operate. In respect of the proposed working group, he advised that he would be meeting with the Director of Services on behalf of the Labour Group to discuss their concerns and he could not say at this stage whether or not the Labour Group would participate in the working group.

61. QUESTION AND ANSWER SESSION

There were no questions received.

62. QUESTIONS FROM COUNCILLORS

Councillor D De Lacy put the following question to Councillor R D Bayliss:

“It has been reported in the media that thousands of people have been wrongly identified as liable for the bedroom tax as a result of an error by the Department of Work and Pensions.

It has also been reported “that the Department for Work and Pensions has issued an ‘urgent bulletin’ saying tenants meeting certain specific criteria should have the cut in their bedroom tax removed until legislation is amended and Councils should refund deductions made since last April.”

Would the Portfolio Holder inform Council whether these reports are true and if so what action has the Council taken to identify these residents in North West Leicestershire”.

Councillor R D Bayliss gave the following response:

“The DWP has issued an urgent bulletin confirming that that some tenants can have their eligible rent calculated under the Housing and Council Tax Benefit (Consequential Provisions) Regulations 2006 rather than the provisions for the spare room subsidy.

This means that someone in continuous receipt of Housing Benefit since 1 January 1996 for the same property will be exempt from any under occupancy charge.

There may also be a number of allowable breaks in these conditions. If the tenancy has been inherited it should be treated in the same way.

We are currently taking Legal and Audit advice regarding the most appropriate way to confirm Housing Benefit entitlement over this extended period, and will be advising the relevant customers of the process to claim this exemption as soon as it has been confirmed.

The DWP has advised councils where possible to identify potentially affected claimants from their records and be fully satisfied that the claimant has met the criteria before removing the charge. If it is satisfied that the conditions are fully met the under occupancy charge should be removed and the decision revised and any underpayment to date refunded to the claimant.

The DWP has also advised that a record of the case been made because they do intend to amend the legislation so that the under occupancy charge will apply to these cases and the charge will have to be reapplied when it is made law.

Of the Council tenants identified as being affected by the under-occupation charge when it was introduced, we have identified that 45 of them (8% of the total affected) were tenants in 1996. These details have been passed to the Revenues and Benefits partnership to verify continuous Housing Benefit entitlement and make contact with the customers affected”.

Councillor D De Lacy referred to one particular case where a lady had committed suicide, allegedly as a result of the bedroom tax. He added that the cases of those 45 people in the District who had made illegal payments needed to be resolved urgently. As a supplementary question, he asked if the Portfolio Holder would ensure that these cases were dealt with at the earliest opportunity, and report back regularly on progress made.

Councillor R D Bayliss responded affirmatively to all points raised. He advised Members that this anomaly was an admitted error in the drafting of the legislation, and steps would

be taken to regularise this. He added that he would ensure the Council took action and he would provide an update.

Councillor J Ruff put the following question to Councillor R D Bayliss:

“As a result of the present Government’s reductions in funding many low paid families were required to pay 8.5% council tax.

Now with the removal of the Government’s transitional funding this April 2014 this payment is increasing to 15% nearly double.

Could the Portfolio Holder please give the total number of households in this district who will pay the increased council tax because of these changes.

Could he also inform Council of the total number of households who have had a reduction in housing benefit as a result of the under occupancy charge (bedroom tax)”.

Councillor R D Bayliss gave the following response:

“The report presented at agenda item 11 explains the background to the proposed revision to the Local Council Tax Support scheme and the need to keep it affordable following the loss of transitional funding.

The Scheme applies to people of working age which is 3,109. People in receipt of pension credit will continue to be protected from paying any extra. The report explains that a Hardship Fund has been established which has been more than adequate in meeting the demand for assistance from eligible claimants.

We have identified 598 households affected by under occupancy charge”.

Councillor J Ruff referred to paragraph 2.10 of the related report at item 11 – Council Tax Support Scheme, which stated that the demand on the hardship fund had been less than anticipated and only 140 applications were approved. As a supplementary question, she asked if all affected persons of working age would be informed of the hardship fund. She also asked if the Portfolio Holder agreed that the Government should cover the full amount. She commented that perhaps a hardship fund should be set up for the bedroom tax.

Councillor R D Bayliss responded that everyone would be informed of their entitlement. He added that there were a number of people who were taking advantage of the hardship fund, however this number was less than anticipated, which demonstrated that people were facing up to their new responsibilities.

63. MOTIONS

Councillor T Neilson moved the following motion:

“Council understands that as a result of government cuts Leicestershire County Council have made it clear they are unable to sustain Snibston Discovery Museum and are looking to reduce the offering to visitors by redevelopment focusing on mining and the scheduled ancient monument.

North West Leicestershire District Council is ambitious for Coalville and believes that the loss of a major part of this attraction will have a significant negative impact on Coalville. The loss of footfall to the remaining colliery museum is likely to render it unviable.

We therefore support moves for a community organisation or trust to take on the running of Snibston so that current facilities can be retained and improved upon.

We call on Leicestershire County Council to realise this is a major community asset for North West Leicestershire and wider afield and to refocus their objectives for Snibston Discovery Museum towards engagement with the community to secure the future of this vital attraction”.

Councillor T Neilson spoke to the motion and stated that Snibston Discovery Museum was a jewel in the crown for Coalville and for North West Leicestershire. He referred to the petition which had been signed by over 8,000 people asking the County Council to retain the facilities on that site. He called for Members to join with the voices of residents in calling upon the County Council to look again at its apparent wish to partially close the site. He stated that the Labour Group were ambitious for Coalville and despaired at the shortsightedness of any decision to reduce the offering on the Snibston site. He expressed disgust that the Conservative and Liberal Democrat Government were making unnecessarily harsh cuts to local government, and the resultant knock-on effect for our cultural and educational offering. He added that he was equally disgusted with Leicestershire County Council for earmarking this facility for cuts rather than putting more effort into making the site more profitable. He welcomed the fact that the County Council were currently looking at maintaining the Colliery section of the museum, although this was required by law. He stated that he could not see how the museum could be viable without the accompanying facilities offered by the exhibition hall, as mining museums did not bring the masses in. He stated that Snibston had had the benefit of some diversification with the Century Theatre and the science exhibits, as well as the fashion collection, however he did not believe that the full potential of Snibston Discovery Museum had yet been realised.

Councillor T Neilson referred to the Snibston Discovery Park Business Plan from 2004 which stated that the above-average levels of user satisfaction, together with the high number of repeat visitors, suggested that any new formula for development needed to maintain the present broad range of displays. He stated that he would be very happy to hear the County Council make a commitment to retain and invest in the facilities at the Museum, however his understanding was that the political will was not there from the County Councillors to make that happen. He stated that as two of the key people on this issue also represented their constituents on the Council, he was very disappointed that this point had been reached, however there was time to change the recommendation. He urged Members to pass the motion and ask the County Council to seriously start working with local groups and businesses to ensure the facilities are retained in true Big Society fashion. He felt that if the diversity of the site was reduced, the decision would be irreversible, and one that would say to the people of Coalville that they should not have a first class museum, and should not be ambitious for the future. He stated that this was something the people of Coalville would never forget. He urged Members to take this opportunity to fight for this District, and send the message back to County Hall, close our Museum and it will never be forgiven.

The motion was seconded by Councillor J Legrys who reserved his comments.

The Chairman referred Members to the additional papers circulated at the meeting and advised that an amendment to the motion had been submitted by Councillor A V Smith. He invited Members to speak to the original motion before the amendment was moved.

There were no requests to speak to the original motion.

The Chairman invited Councillor A V Smith to put forward her amendment. Councillor A V Smith moved the following amendment:

“Council understands that as a result of government cuts Leicestershire County Council have made it clear they are unable to sustain Snibston Discovery Museum and are looking to reduce the offering to visitors by redevelopment focusing on mining and the scheduled ancient monument. However, this Council recognises the importance of honouring the past coal mining history and heritage of this district and that the educational aspect of Snibston Discovery Park is available in the future within Coalville in a sustainable way.

We would like to see the other aspects of the museum i.e the fashion gallery, being retained and accessible to the public in a specialised facility to protect the textiles, wherever that may be.

The Council is also very keen to ensure the country park is retained and ideally enhanced. The ongoing provision of the Century Theatre would also be of significance.

We would therefore support the community and other interested groups in having discussions with Leicestershire County Council regarding their plans”.

Councillor A V Smith spoke to the motion. She stated that she was passionate about Snibston Discovery Museum. She added that the District’s museums were award winning, and Snibston was exceptional due to its diverse nature, which was why she had moved this amendment.

The motion was seconded by Councillor N Smith who reserved his comments.

Councillor J Geary stated that Snibston Discovery Museum was not just about mining and fashion, but also the industrial heritage of Leicestershire. He referred to the fashion gallery and stated that he was well aware of the conditions and infrastructure needed to protect textiles. He added that if the textiles were to be moved, there would be costs involved for the infrastructure needed to protect them, and running costs. He asked if this money would not be better spent maintaining the existing facilities. He also sought clarification on the definition of the Country Park.

Councillor D De Lacy stated that local people believed that the Conservative Leicestershire County Council wanted to get rid of the majority of Snibston Discovery Park and sell the land for housing. He added that the reason Councils were having financial difficulty stemmed back to the Conservative and Liberal Democrat Government’s cuts on local Councils. He referred to a letter written by the leader of the LGA.

The Chairman reminded Councillor D De Lacy to confine his comments to the subject matter of the amendment. He invited Councillor D De Lacy to continue.

Councillor D De Lacy stated that by the end of this Parliament, local Government funding will have been cut by 33%, and in comparison Whitehall had seen cuts of 12%. He felt that the financial difficulties were due to the Government disproportionately cutting funding to local Councils. He stated that it was right that the impact of political decisions was recognised and Leicestershire County Council had a duty to listen to local people.

Councillor J Legrys referred to the fashion collection and recognised the energy the proposer of the amendment had put into it. He added that the fashion collection was one of the largest in Europe. He stated that the reason he could not support this amendment was that the fashion collection needed specialist facilities to protect it, and therefore if it was relocated, it would not be within Coalville. He recognised that the exhibition hall was in need of repair. He expressed disappointment that the District Council was not involved and did not provide any financial support to Snibston Discovery Museum. He referred to the economic knock-on effect to the town and added that this was a further rape of the infrastructure. He expressed concerns that what was proposed would cost more, would

decimate the economy and could redistribute the fashion collection to the four corners of the United Kingdom.

Councillor D Everitt expressed concerns that once changes were made they would be difficult to reverse. He added that it had been said that the economy was going to improve, however at the same time the Council was destroying its infrastructure. He felt that a holding position was required. He stated that the Conservative Group had great ambitions for Coalville when they took control of the Council, and felt that it was not too much to ask that some ambition be retained now. He dreaded the thought of losing the site.

Councillor T Neilson exercised his right of reply. He stated that he appreciated Councillor A V Smith's attempt to save face for her dual-hatted colleagues, however he felt there were some legal issues in respect of the amendment. He added that he could not support the amendment as it did not refer to the retention of the exhibition hall, it allowed the fashion collection to be dispersed, and placed no onus on Leicestershire County Council to engage with people. He felt that if the amendment was carried, Members were being blind to the intent of the original motion. He urged Members to vote against the amendment and support his original motion.

Councillor A V Smith attempted to speak in response to the questions raised during the debate.

Councillor T Neilson raised a point of order in respect of Council Procedure Rule 14.9.3, in that the mover of an amendment has no right of reply to the debate on the amendment.

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

Councillor T Neilson moved the following amendment:

“Council understands that as a result of government cuts Leicestershire County Council have made it clear they are unable to sustain Snibston Discovery Museum and are looking to reduce the offering to visitors by redevelopment focusing on mining and the scheduled ancient monument. However, this Council recognises the importance of honouring the past coal mining history and heritage of this district and that the educational aspect of Snibston Discovery Park is available in the future within Coalville in a sustainable way.

We would like to see the other aspects of the museum i.e. the exhibition hall and the fashion gallery, being retained and accessible to the public in a specialised facility to protect the textiles.

The Council is also very keen to ensure the country park is retained and ideally enhanced. The ongoing provision of the Century Theatre would also be of significance.

We would therefore support the community and other interested groups in having discussions with Leicestershire County Council regarding their plans and call on the County Council to make these discussions meaningful so we can best ensure the continued use of the whole site”.

The motion was seconded by Councillor J Legrys who reserved his comments.

The Chairman invited Members to speak to the motion. There were no requests to speak to the motion.

The Chairman then put the motion to the vote. The motion was declared LOST.

The Chairman referred Members to the substantive motion, as previously amended.

Councillor J Legrys attempted to speak again.

The Chairman put the substantive motion, as amended, to the vote. The motion was declared CARRIED.

At this point in the meeting, the Chairman called for order.

64. PETITIONS

There were no petitions received.

65. MINUTES

Consideration was given to the minutes of the meeting held on 29 October 2013.

It was moved by Councillor G Jones, seconded by Councillor G A Allman and

RESOLVED THAT:

The minutes of the meeting held on 29 October 2013 be approved and signed by the Chairman as a correct record.

66. HIGH SPEED RAIL (HS2) PHASE 2: CONSULTATION IN RESPECT OF PROPOSED ROUTE FROM WEST MIDLANDS TO LEEDS - RESPONSE OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Having declared a disclosable pecuniary interest, Councillors R Blunt, J G Coxon, C Large and S Sheahan left the room during consideration of this item and took no part in the debate or voting thereon.

Councillor T J Pendleton presented the report to Members, referring to the Council's objection to the proposed route due to the lack of positive impact upon the District. He added that if the Council's suggested route was not accepted, it would be necessary to represent local concerns in response to the consultation on the current route. He referred in particular to Measham, the regeneration of which would be harshly impacted by the proposed route, and the canal basin and wharf would be put in jeopardy. He added that any chance of reopening the Ivanhoe Line would also be scuppered. He urged Members to make representations in respect of the damage that would be done to the District.

Councillor N Smith felt that the need to protect Measham needed to be emphasised even more strongly. He referred to the plastics factory which employed over 500 people. He added that if the factory was lost due to the proposed HS2 route, it would not be relocated within the District. He stated that the proposed route would also have an impact on the proposed housing developments in Measham and these would need to be built elsewhere. He referred to the re-watering of the canal and felt that if HS2 was going to happen, it would be a good opportunity to secure some funding to enable these works. He asked that this be included in the submission.

Councillor T Neilson agreed that Measham would be severely impacted by HS2 and felt that it was a massive waste of money. He added that it would impact upon the industrial estate and prevent any further development of that site. He added that although the route would not require the demolition of houses in Measham, it would have a significant impact upon the houses on Amersham Way. He felt that the case had to be made about the new development which was underway in Measham. He agreed that the report highlighted the impact upon Measham very well. He added that the National Forest/Ivanhoe Line would

affect the District as a whole. He felt that there had not been a huge commitment to getting work started on reopening the line.

Councillor J Legrys welcomed the report. He stated that the Council had been pushing for the Derby route for some time, however there were a lot of Members who did not believe it would ever happen. He expressed astonishment that the Conservatives had produced a written statement that they were going to support the National Forest Line. He welcomed this statement and the cross-party support for the National Forest Line, however felt it was uncertain whether this would be achieved. He stated that HS2 was 'pie in the sky', however the people who would be affected by it needed to be protected, as the current route would be a disaster. He hoped that the airport could convince HS2 Limited that if the route had to come to North West Leicestershire, a station under the airport should be provided.

Councillor A C Saffell referred to the recent consultation event which had taken place in Castle Donington Ward. He reported that the attendees had asked how much it was costing to allow Roxhill to go ahead with their plans. He stated that the answer was £120,000,000 and expressed astonishment that Roxhill were not being asked to pay the cost as they were a private profit-making company. He supported the suggestion that there should be a station at the airport as Toton was the wrong place for a station. He added that a station at the airport would serve all three cities, and would provide the District with some benefit. He felt that the Government should not be spending money to support a private venture.

Councillor D J Stevenson felt that an underground station would not provide any benefit as it would not improve journey times. He stated vehemently that there was no point in ripping beautiful countryside in half.

Councillor T J Pendleton stated that he was heartened by the support of the Opposition. He explained that in order for HS2 to have an impact upon journey times, it could not stop very frequently.

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

RESOLVED THAT:

The views of Cabinet as agreed at its meeting of 14 January 2014 be endorsed.

67. COUNCIL TAX SUPPORT SCHEME

The Corporate Portfolio Holder presented the report to Members. He advised that the proposals had been agreed by all preceptors following the reduction in Government grant.

Councillor P Hyde stated that it was getting harder to provide the same services for less money. He felt that he could not support the proposals as this represented a 75% increase for the less well-off. He added that the majority of those affected were working families. He stated that the Government were attacking hard-working people and single parent families. He felt that recommendation 2 should not be delegated to the Cabinet and should be a decision of Council.

Councillor J Geary stated that the current position was due to a lack of funds because the Government had not provided any. He added that no one was blaming the banking system for the current economic position, but he felt that this was a contributing factor. He stated that the wealthiest people were being given tax breaks whilst the poor were being clobbered at every opportunity. He added that lots of people were having to choose between heating their homes and buying food, and food banks were the only growing industry at present. He felt that this was down to the current Administration. He referred

to recommendation 2 and felt that delegating further powers to Cabinet was a retrograde step. He felt that the matter of raising taxes must be a responsibility of the Full Council and he wanted every decision to come back to the Chamber.

Councillor J Legrys stated that he was perplexed that there was no money, however there was money available to build HS2. He added that he was appalled by this, had shared his views and would be writing to the Leader to invite him to visit a food bank. He felt that methods other than hitting the poor should be considered. He added that this would be increasing the burden by 75% and was forcing the poor to use food banks. He stated that he could not support the proposal as it was morally wrong.

Councillor N Clarke stated that the agenda was full of items which were a direct impact of the Government. He stated that you could blame the previous Government of the banks, but the people who were not to blame were those who were affected by the policy. He highlighted that the report seemed to show a small surplus, and felt that every penny should go to support the people who were affected by the policy.

Councillor T Neilson stated that there was a cost of living crisis in Great Britain and people were still struggling. He added that payday loan companies were rife, loan sharks were prevalent and courts were experiencing a boom. He stated that at a time when everyone was feeling the squeeze, the Council was asking those who were feeling it most to pay more again. He felt that it was unfair that millionaires were being given a tax break. He wondered for how long people would continue to find the extra money when personal debt was increasing. He stated that the Council had a duty to ensure that people did not have to choose between heating or eating. He added that next year this would be a decision of Cabinet, and the Council had no voice. He stated that no one should support recommendation 2 as it was an abomination.

Councillor D De Lacy stated that the Conservative and Liberal Democrat Government had cut funding to the very poorest people by 10% and had directed these cuts at the working poor. He added that the Government was responsible for this situation. He felt that the views of those who interacted with the deprived should be listened to. He stated that the majority of the Cabinet were millionaires and did not see the issues that charities and doctors experienced. He added that the Government were arguing for bankers to receive twice their annual salary in bonuses when Europe was limited to one month's salary. He felt that the Government were in denial. He stated that he would be voting against the proposals as this was a brutal step by the Government in making the least well-off even worse off.

Councillor D Everitt stated that this was a moral question and when the Government did not support vulnerable people, there would be a backlash. He added that as a senior citizen he was embarrassed that he was exempt from the policy. He felt that the policy would have repercussions and was a reversal of everything this country had been proud of where things had become progressively better for everyone. He stated vehemently that he was appalled and if he was living in Scotland he would be asking himself if he wanted to be part of this country.

Councillor L Massey referred to her work at the Marlene Reid Centre which operated a food bank. She also referred to her previous appeal to Members to visit the centre. She stated that people did not want to be in debt and were embarrassed to have to rely on a food bank. She felt that this was a disgrace.

Councillor N J Rushton stated that everyone was in agreement about the dire financial straits that the country was in. He added that the deficit still remained and the first issue to deal with was the benefits budget. He stated that these changes were imposed by the Government a year ago, and the Council had received a transitional grant which had now been withdrawn. He added that the scheme had been agreed by all preceptors and had

to be approved as a matter of principle. He agreed that everyone should pay something and felt this was a good principle. He also felt that pensioners should be exempted. He added that a hardship fund had been established and only £5,500 out of £58,000 had been claimed, which demonstrated that this was obviously not needed. He reported that many people had paid the additional amount as a lump sum. He stated that the Labour Government had created this situation and could not criticise tough decisions as they were incapable of making them. He stated that people should not trust Labour to sort out this mess. He urged Members to support the motion.

Councillor A C Saffell stated that he was unable to vote as he disagreed with recommendation 2.

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

RESOLVED THAT:

- a) The maximum level of Council Tax Support available be reduced from 91.5% to 85% from 1 April 2014.
- b) Authority be delegated to the Cabinet to make any further changes to the scheme in future financial years.

68. STREET TRADING POLICY

Councillor A V Smith presented the report to Members, drawing their attention to the previous report to the Licensing Committee.

Councillor D De Lacy stated that he agreed with the vast majority of the document and welcomed the move to the whole of the District being a consent area. He expressed concerns regarding relaxing controls around schools and asked what would prevent a burger van selling sugary drinks outside schools and on what grounds and officer could refuse an application.

Councillor A V Smith appreciated the concerns regarding schools and added that the policy was intended to prohibit this. She advised Members that every trader would need consent and she gave assurances that officers would not be giving consents to burger vans outside schools. She added that consent could also be withdrawn.

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

RESOLVED THAT:

The draft Street Trading Policy be approved.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.15 pm

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 25 FEBRUARY 2014

| | |
|------------------------------|--|
| Title of Report | BUDGET AND COUNCIL TAX 2014/15 |
| Contacts | <p>Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Finance (Section 151 Officer) 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p> |
| Purpose of Report | To allow the Council to approve the 2014/15 budgets and the appropriate Council Tax setting resolution. |
| Reason for Decision | To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes, associated treasury management policies and set the Council Tax for 2014/15. |
| 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 Assessment | 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 Monitoring Officer | The report is satisfactory |
| Consultees | Cabinet, Members of Labour Group, Representatives of the Business Community, Parish Councils, Staff, Trade Unions |
| Background Papers | None |
| Recommendations | <p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE S 151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES. 2. TO FREEZE THE DISTRICT COUNCIL TAX FOR 2014/15. 3. TO APPROVE THE TRANSFER OF THE SURPLUS INCOME OVER EXPENDITURE IN 2014/15 TO THE GENERAL FUND BALANCE AT 31ST MARCH 2015. 4. TO APPROVE THE HRA RENT INCREASE FOR 2014/15. 5. TO APPROVE THE INCREASE IN THE RENT OF GARAGES FOR 2014/15. 6. TO APPROVE THE INCREASE IN THE HRA SERVICE CHARGES FOR 2014/15. 7. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE. 8. TO APPROVE THE INCREASES IN LIFELINE CHARGES. 9. TO APPROVE THE GENERAL FUND AND HOUSING REVENUE ACCOUNT BUDGETS FOR 2014/15. 10. TO APPROVE THE COALVILLE SPECIAL EXPENSES BUDGET FOR 2014/15. 11. TO APPROVE THE OTHER SPECIAL EXPENSES PRECEPTS FOR 2014/15. |

12. TO APPROVE THE PROPOSED COALVILLE SPECIAL EXPENSES AND HRA CAPITAL PROGRAMMES FOR 2014/15 AND PLANNED FINANCING.
13. TO APPROVE CAPITAL EXPENDITURE IN 2014/15 AND CAPITAL EXPENDITURE IN 2015/16 FOR THE VEHICLE REPLACEMENT PROGRAMME ONLY.
14. TO APPROVE THE REMAINDER OF THE CAPITAL PROGRAMMES 2015/16 TO 2017/18 AS INDICATIVE ONLY AT THIS STAGE.
15. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2014/15 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:
- (1) 29,074 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) (ENGLAND) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.
- (2) THE AMOUNTS SPECIFIED IN TABLE 1 OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNTS OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.
16. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2014/15 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:
- (1) DISTRICT / PARISH GROSS EXPENDITURE
£68,024,807 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A(2) OF THE ACT.
- (2) INCOME
£61,488,126 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A(3) OF THE ACT.
- (3) DISTRICT / PARISH NET EXPENDITURE
£6,536,681 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 16(1) ABOVE EXCEEDS THE AGGREGATE AT 16(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF

THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.

(4) **BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)**

£224.83 BEING THE AMOUNT AT 16(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.

(5) **PARISH PRECEPTS/SPECIAL EXPENSES**

£ 1,926,126 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.

(6) **BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)**

£158.58 BEING THE AMOUNT AT 16(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 16(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEM RELATES.

(7) **BASIC AMOUNT OF TAX (PARISHED AREAS)**

THE AMOUNTS LISTED IN COLUMN 5 OF TABLE 2 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 16(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) **DISTRICT /PARISH COUNCIL TAX RATES**

THE AMOUNTS SET OUT IN TABLE 3 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 16(6) AND 16(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.

17. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE 4 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2014/15 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

18. COUNCIL TAX RATES – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 16(8) (TABLE 3) AND 17 (TABLE 4) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2014/15 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE 5.

19. REFERENDUMS RELATING TO COUNCIL TAX INCREASES

TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2014/15 IS NOT EXCESSIVE.

20 TREASURY MANAGEMENT STRATEGY

TO APPROVE THE TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15, PRUDENTIAL INDICATORS 2013/14 (REVISED) AND 2014/15 – 2016/17, AND ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2014/15.

1. INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2014/15 together with their respective Capital Programmes. It also has a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for its area for a financial year by 11th March of the preceding financial year.
- 1.2 This action of setting the Council Tax (recommendations 15 to 19) 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 Leicestershire County Council, Leicestershire Police Authority and the Combined Fire Authority all approve

the precepts the Council has been informally advised of and it may be necessary to amend parts of this report when the Council receives formal notifications.

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

2 BUDGETS AND CAPITAL PROGRAMMES

- 2.1 The 2014/15 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by the Cabinet on 11 February 2014. Copies of the respective detailed reports to the Cabinet are attached as follows:

- General Fund and Special Expenses Revenue Budgets – Appendix 1
- Housing Revenue Account Budget and Rent Increase – Appendix 2
- Capital Programmes – Appendix 3

- 2.2 The Cabinet is making the recommendations 1 to 14 inclusive set out at the front of this report.

- 2.3 Members are asked to note that on 5 February 2014 the Government laid before Parliament the details of the Final Local Authority Grant Settlement for 2014/15. The final figures for Revenue Support Grant and redistributed NNDR allocation remain unchanged from those provisionally notified and included in the budget.

3. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 3.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 3.2 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 budget are robust; the proposals are deliverable and will produce a balanced budget for 2014/15.
- 3.3 The Housing Revenue Account and Special Expenses estimates are similarly considered to be robust.
- 3.4 The budget report to Cabinet shows the estimated position for the Council's revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Section 151 Officer considers that the overall level of reserves is adequate.

4. SETTING THE COUNCIL TAX

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

4.2 Recommendations 15(1) and 15(2)

The amount shown in these recommendations are the Council Tax Base for the 2014/15 year (Recommendation 15(1)) and the Council Tax Base for 2014/15 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 15(2)) both as shown in Table 1.

4.3 Recommendation 16 (1)

The amount at Recommendation 16(1) is the Council's estimated gross expenditure for 2014/15 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 | 66,285,562 |
| Parish Precepts | 1,341,987 |
| Surplus of Income over Expenditure | 397,258 |
| Total | 68,024,807 |

4.4 Recommendation 16(2)

This is the District Council's estimated gross income for 2014/15 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 | 55,456,800 |
| Homelessness Prevention | 49,252 |
| Localisation of Council Tax Support Grant | 755,998 |
| Formula Grant | 3,430,478 |
| Council Tax Freeze Grants | 252,978 |
| New Homes Bonus | 1,395,484 |
| Transfer from Collection Fund | 147,136 |
| Total | 61,488,126 |

4.5 Recommendation 16(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 16(1) above and gross income at 16(2) above. It is calculated as:

| | £ |
|--------------------------|------------------|
| Gross Expenditure | 68,024,807 |
| <u>Less</u> Gross Income | 61,488,126 |
| Total | 6,536,681 |

4.6 Recommendation 16(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 16(3) above
- T is the Council Tax Base

Therefore:
$$\frac{\mathbf{\underline{\underline{\pounds 6,536,681 (R)}}}}{29,074 (T)}$$

= £224.83

4.7 Recommendation 16(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 | 584,139 |
| Parish Precepts | 1,341,987 |
| Total | 1,926,126 |

4.8 Recommendation 16(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 16(4) the sum of the Special Expenses plus parish precepts (recommendation 16 (5) divided by the District Council Tax base):

$$\pounds 224.83 - \frac{\mathbf{\underline{\underline{\pounds 1,926,126}}}}{29,074}$$

= £158.58

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

4.9 Recommendation 16(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 16(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 16(6) above.

4.10 Recommendation 16(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 16(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 16(7) (where there are parish precepts and/or Special Expenses), the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D as follows:

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

4.11 Recommendation 17

In issuing their precepts for the financial year 2014/15 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.

4.12 Recommendation 18

This amount is calculated by adding together the amounts in recommendation 16(8) and the amounts in Recommendation 17. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support discounts which replaced Council Tax Benefits from 1 April 2013.

4.13 Recommendation 19

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 2014/15 would be considered excessive if it is more than 2% greater than its relevant basic amount of Council Tax for 2013/14. For 2014/15 Parish Councils are again not included in the principles.

As no increase in Council Tax is being recommended in those parts of the District in which no parish precepts apply (i.e. in the District element of the Council Tax plus appropriate Special Expenses element) there is no question of the basic amount of Council Tax for 2014/15 being determined as excessive.

4.14 Recommendation 20

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

These documents were considered by the Cabinet on 11 February 2014 and are attached at **APPENDIX 4.**

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 11 FEBRUARY 2014

| | |
|----------------------------------|---|
| Title of report | GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS 2014/15 |
| Key Decision | a) Financial Yes b) Community Yes |
| Contacts | Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk |
| Purpose of report | To agree final 2014/15 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 25 February 2014. |
| Reason for Decision | To enable the Council to set a balanced budget for 2014/15 as required by statute. |
| Council Priorities | The budget assists the Council to achieve all its priorities. |
| Implications: | |
| Financial/Staff | As contained in the report. |
| Link to relevant CAT | The budget is relevant to all Corporate Action teams (CATs). |
| Risk Management | The budget will be managed and monitored throughout the year to ensure savings are achieved and services delivered as planned. |
| Equalities Impact Assessment | No impact identified stage. |
| 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 Monitoring Officer | The report is satisfactory |
| Consultees | Business organisations and partnerships, Town and Parish Councils, National Forest Company, Further Education Colleges, staff, Trade Unions, General Public through the Council's website. |
| Background papers | <p><u>Cabinet Reports:</u> Medium Term Financial Strategy 2014/15 to 2017/18 – 11 June 2013 General Fund Revenue Budget – Draft Proposals 2014/15 and 2015/16 – 24 September 2013 General Fund and Special Expenses Revenue Budgets 2014/15 and 2015/16 – 10 December 2013</p> <p>http://prod-modgov:9070/ieListMeetings.aspx?CId=126&Year=0</p> |
| Recommendations | <p>A. THAT THE LEVEL OF RESERVES AND ASSURANCE STATEMENT BY THE SECTION 151 OFFICER IN SECTION 7 OF THE REPORT BE NOTED.</p> <p>B. THAT COUNCIL BE RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO APPROVE THE TRANSFER OF THE SURPLUS INCOME OVER EXPENDITURE IN 2014/15 TO THE GENERAL FUND RESERVE AT 31ST MARCH 2015. 2. TO APPROVE THE IMPLEMENTATION OF THE BUDGET SAVINGS FOR 2014/15 SET OUT IN APPENDIX 2. 3. TO APPROVE THE GENERAL FUND BUDGET FOR 2014/15. 4. TO APPROVE THE COALVILLE SPECIAL EXPENSES BUDGET FOR 2014/15. 5. TO APPROVE THE OTHER SPECIAL EXPENSES PRECEPTS FOR 2014/15. |

1.0 INTRODUCTION

- 1.1 General Fund budget proposals for 2014/15 were considered and approved by Cabinet, with some amendments, on 10 December 2013 following a period of consultation with staff, Trade Unions, business ratepayers, general public and Parish/Town Councils.
- 1.2 This report summarises progress made since the last Cabinet report was prepared so that appropriate recommendations can be made to the Council on 25 February 2014 for the Budget and Council Tax for 2014/15.
- 1.3 The revenue budgets have been drawn up on the service expenditure analysis as recommended in the Accounting Code of Practice. This is a statutory accounting

framework which sets out “proper practice” with regard to financial reporting and aims to provide consistency in the comparison of service costs between authorities.

1.4 The Medium Term Financial Strategy (MTFS) approved by Cabinet in June 2013 projected a budget shortfall of £1m by 2015/16. This savings target was increased to £1.5m in September in light of the Government’s proposals to top-slice New Homes Bonus funding from 2015/16 to provide resources for the Local Enterprise Partnerships.

1.5 Since the Cabinet agreed its recommendations for savings in December 2013 the Council’s financial position has improved overall due to changes in Central Government funding and improvements in income and efficiency at a local level as explained below. The budget shortfall is now projected to be nearer £700k rather than £1.5m.

1.6 Government Funding Changes

Following consultation with local authorities, the Government has announced that the top-slicing of New Homes Bonus from 2015/16 will not now go ahead. We had previously planned for a reduction in resources of £490k from 2015/16 because of this.

The Government has announced the Provisional Finance Settlement for 2014/15 and Draft Finance Settlement for 2015/16. The 2014/15 level of funding was in line with our plans but the 2015/16 settlement was about £200k worse.

1.7 Local Income and Increased Efficiencies

Our 2014/15 New Homes Bonus has been confirmed as £1.395m. This is £272k higher than assumed in the MTFS and reflects the work the Council’s officers have done to bring empty homes back into use and ensure that new homes qualify for New Homes Bonus at the earliest opportunity.

The Council’s Collection Fund has performed better than expected following the changes to Council Tax Discounts on Empty Properties and an increased Council Tax Base.

Managers have worked hard to keep service budgets down and absorb the effects of inflation.

1.8 The changes to our two year savings target are summarised in the table below:

| | 2014/15 | 2015/16 |
|---|---------|---------|
| | £000 | £000 |
| Shortfall Projected in September | 500 | 1,000 |
| <u>Changes in Government Funding:</u> | | |
| Reversal of Proposed New Homes Bonus Top-slicing | | (500) |
| Less Favourable Finance Settlement for 2015/16 | | 200 |
| <u>Local Income and Increased Efficiencies</u> | | |
| Absorption of inflation pressures/reductions in Service Budgets | (105) | |
| Additional New Homes Bonus in 2014/15 | (272) | |
| | | |
| Improved Council Tax Surplus (Collection Fund) | (122) | |
| Revised Projection | 1 | 700 |

2.0 2014/15 GENERAL FUND REVENUE BUDGET

2.1 Pay and Prices Inflation

The price base is November 2013 plus known increases. Provision has been included within the budget for the anticipated 1% cost of living pay increase to staff. Although the Government has assumed such an increase as part of the Finance Settlement announcement this has still to be negotiated. There is also provision for an increase of 1% in employer's superannuation contributions, contributions on overtime payments and auto-enrolment included in the budget. Inflation has been included where there is a contractual obligation for increases in costs. A contingency has been made for the possible advance introduction of the "Living Wage" within the Council.

2.2 Collection Fund

The Council is required to estimate the 31st March 2014 position on the Collection Fund (which is the account to which all the Council Tax receipts are credited, and from which all precepts are paid). There will be an estimated one-off surplus of £1,012k on the Fund at 31st March 2014. Of this there is £147k relating to this Council (the remainder relates to the County Council, Police and Fire services) and is available to support the 2014/15 budget. The MTFS made a prudent assumption of £25k. The introduction of Council Tax Support Discounts and changes to Empty Property Discounts have increased the Council Tax Base more than expected and the number of new properties has increased more than expected during the year. These factors have been taken into account when revising the LCTSS for 2014/15.

2.3 Central Government Funding

Funding from the Government in respect of Revenue Support Grant and National Non Domestic Rates (NNDR) has a significant influence on the Council's spending plans. The allocations for 2014/15 are compared with the MTFS in the table below:

| | MTFS | Provisional Settlement | Change |
|---------------------------------|-------------|-------------------------------|---------------|
| | £000 | £000 | £000 |
| Revenue Support Grant | 2395 | 2396 | 1 |
| Baseline Funding/Business Rates | 2142 | 2141 | -1 |
| Council Tax Freeze Grant 13/14 | 57 | 56 | -1 |
| New Homes Bonus | 1123 | 1395 | 272 |
| Total | 5717 | 5988 | 271 |

At the time of writing this report, these allocations are still provisional, but are not expected to change significantly in the Final Settlement.

The Grant assumes £2.141m locally retained Business Rates. This figure will vary depending on actual yields but cannot fall by more than 7.5% because of safety net arrangements. The minimum income assumed is therefore £1.980m.

- 2.4 In 2013/14 the Council has participated in Business Rate "pooling" arrangements. Business rates pooling is a mechanism which the Government introduced which allowed groups of local authorities to join together to have their assessments of levies and safety

net eligibility calculated overall rather than at individual authority level. Originally the benefits to the individual members of the Pool outweighed the perceived risks.

- 2.5 On 13 January 2014 the Chief Executive gave the Council's agreement under delegated powers, in consultation with the Leader and Portfolioholder, to dissolving the Leicester and Leicestershire Business Rates Pool from 2014/15. A unanimous decision of all the pool members (Leicester City, Leicestershire County and the Leicestershire Districts) was required by 14 January 2014 to meet a statutory deadline and it would have been too late to wait until the Cabinet meeting on the evening of 14 January 2014. This is explained further in paragraph 3.4.

2.6 New Homes Bonus

The Government has indicated that the Council will receive £1.394m in New Homes Bonus in 2014/15. This is £272k more than was assumed in the report to Cabinet on 10 December 2013. This reflects the targeted work by the Council to return long term voids back into use and ensuring that new properties are listed as early possible. New Homes Bonus payments are made for six years and there is also no guarantee that the scheme will continue.

2.7 Council Tax

Government Grant is again available to help Councils which freeze or reduce their Council Tax for 2014/15. The sum of £56k grant income has been included in the revenue budget on the basis that the Council will not increase its Council Tax for 2014/15. This is the equivalent of a 1% increase in the District's Council Tax.

The Government's announcement that freeze grants will be included in ongoing Revenue Support Grant funding has allowed the Council to continue with the policy adopted five years ago into 2014/15 and that the rate of Council Tax will be frozen.

The income expected to be generated from the Council Tax will increase from £4.509m in the current year to £4.611m in 2014/15 as a result of a combination of increases in the tax base resulting from changes to the Council Tax Support Scheme agreed by Council on 21 January 2014 and increases in the tax base from new properties. Cabinet have considered the debate at Council (on 21 January) and recognised the importance of the role of Council in agreeing the Local Council Tax Support Scheme. Any future amendments to the scheme will be considered by Council.

2.8 Revenues and Benefits Partnership

Under our partnership agreement the Council needs to agree its contribution to the Leicestershire Revenues and Benefits Partnership for the next financial year. The Joint Committee held on 15 January 2014 approved an increase of £19770 or 1.7% which is attributable to unavoidable contractual inflation and service costs. This has been built into the budgets summarised in Appendix 1. The contribution may be reduced in-year as an external review of the operation is currently underway and it is anticipated that cost savings can be made from 2014/15.

2.9 Savings Proposals

At its meeting on 24 September 2013 the Cabinet approved savings proposals of £540,500. This was updated for changes agreed by Cabinet at its meeting on 10 December 2013 following the budget consultation.

- 2.10 In light of the Council's improved financial position detailed above the Cabinet is also recommending to Council that a number of proposals are not implemented in 2014/15. These proposals will continue to be investigated as future circumstances may dictate that there may be a need to reintroduce them. The services will also be considered for improvements during 2014/15.

| | 2014/15 £000 | 2015/16 £000 |
|--|------------------------|------------------------|
| No charging for Green Waste Collection | 14 | 112 |
| No Increases in Car Parking Charges | 100 | |
| Retain existing free services for people on means tested benefits for bulky domestic collections, pest control services and swimming | 9 | |

- 2.11 The Cabinet's final budget proposals are detailed in Appendices 2(a) and 2(b). Minor changes have been made to reflect actual savings, recharges etc. These proposals will save the Council just over £400k in 2014/15. The budget summary shows that there will be budgeted surplus of income over expenditure of £403k which the Cabinet is advised to add to the General Fund balance at the end of 2014/15.

- 2.12 The vast majority (75%) of savings in 2014/15 again represent internal efficiencies and will not impact on service delivery.

- 2.13 Approximately £300k of further savings will be required by 2015/16. A number of these are likely to include further internal efficiencies stemming from the Planning for the Future Programme which the Chief Executive will put in place under delegated powers. As part of the report to Cabinet on 10 December members were advised that in view of the scale of the remaining savings target for 2015/16 it might be necessary to seek early approval of 2015/16 savings to ensure their implementation by 1 April 2015. It is now envisaged that making the remaining savings can be achieved within the normal revenue budget process without advance approval from Council. This position will continue to be monitored during 2014/15 and reported back to members as appropriate.

2.14 General Fund Reserve

The balance on the General Fund Reserve is estimated to be £1m at 31st March 2014. The budgeted surplus at the end of 2014/15 will increase the reserve and it is prudent to increase it in light of the volatility in projecting levels of local business rates income and New Homes Bonus in particular. These resources would only be called upon in the most exceptional circumstances and would need to be replenished as soon as possible from revenue budget savings.

2.15 Earmarked Reserves and Provisions (Excluding Value for Money (VFM) Reserve)

The Council's earmarked General Fund revenue reserves and provisions (excluding the General Fund Reserve and the VFM Reserve) stood at £1.705m at 1st April 2013. A review of the committed expenditure against these reserves has been undertaken and it is estimated that around £1.5m will remain at 31st March 2014. All of this is either held on behalf of partnerships the Council is involved with, or is earmarked for a particular use in the future. It is therefore not available for the Council's general use.

2.16 Value for Money (VFM) Reserve

The Cabinet was provided with updates on the Value For Money Reserve when it approved the MTFS in June and published its budget proposals in September. The fund stands at £2.5m, which has been allocated to Planning for the Future, Improving the Customer Experience (ICE) and other Invest to Save projects. There are no plans to make further contributions to this reserve in 2014/15.

2.17 Revenue Budget Contingency

This has been set at the lower level of £100,000 compared to £250,000 in the current year. These resources would normally be called upon if there were unexpected increases in costs or loss of income. This contingency has not been called upon in the last two years. It is best practice to include a contingency in the budget. Service Managers are always encouraged to fund financial pressures from their own budgets in the first instance. The level of the contingency will continue to be reviewed as part of the updating of the Medium Term Financial Strategy to ensure it remains appropriate.

3.0 **GENERAL FUND 2013/14 – PROJECTED OUTTURN**

3.1 The summary budget shown at Appendix 1 shows the 2013/14 budget, projected outturn and 2014/15 budget.

3.2 The main reasons for the underspend are as follows:

(A) Additional Local Income:

| | | |
|-------------------------------|-------|-------|
| Planning and Development Fees | £350k | |
| Recycling income | £ 55k | £405k |

(B) Internal Efficiencies:

| | | |
|-----------------------------------|-------|--------|
| Salaries/Vacancy Management | £235k | |
| Unused Revenue Budget Contingency | £100k | |
| Reduced Homelessness Costs | £ 70k | |
| Other more minor variances | £ 66k | £471kk |

Total **£876k**

3.3 From 1 April 2013 local authorities are sharing the benefit of additional business rates with Central Government. Any reductions in business rates including closures and rating appeals are also shared locally. The difficulties in projecting business rates income are highlighted later in this report and currently the Projected Outturn assumes no increase or decrease in business rates.

3.4 Over the last 12 months the risks inherent in pooling business rates have become greater for the following reasons:

- (a) lack of certainty over the number and outcome of rating assessment appeals compounded by Valuation Office delays;
- (b) continued uncertainty about the operation of various aspects of the business rates retention system, due to the lateness of Government decisions and recent changes.

- (c) the burden of business rates has become a contentious issue nationally, it is not unrealistic to expect further changes to reduce the cost to targeted businesses.
- (d) Continuing volatility in projections of business rates income at both individual authority and Pool level.

3.5 The Council's Section 151 officer, the Head of Finance is satisfied that the Council has adequate revenue reserves and that plans are in place to make the budget savings required by the Council's MTFs. The underspend in 2013/14 can be used to fund areas of investment which further the Council's priorities.

3.6 These resources will provide a fund to enable building much-needed affordable homes, create new jobs and improve town centres and local communities

- As the housing market picks up, we'll support housing associations to build new homes. Not only will this help to house people in need – it will also support local businesses and jobs.
- We will create a fund to encourage businesses to move to the district – and ones that are already here to expand – creating new jobs for local people.
- We'll help to spruce up Coalville and other shopping centres, to encourage more people to buy local and support our small businesses.
- And we'll empower community groups to develop a series of small projects that make a difference to the quality of life of local people and the environment.

4.0 REVENUE BUDGET 2014/15 – PROPOSALS IN SUMMARY

4.1 Summary

The following table summarises the headline figures for 2014/15 as contained in Appendix 1.

| Expenditure | 2014/15 |
|--------------------------------------|----------------|
| | £000 |
| Net cost of Services after Recharges | 8,791 |
| Net Financing Costs | 1,148 |
| Investment Income | -43 |
| Corporate Contingency | 100 |
| Pension Contingency | 50 |
| Living Wage Contingency | 10 |
| Grants to Town and Parish Councils | 87 |
| Net Revenue Expenditure | 10,143 |
| Contribution to Reserves | 403 |
| 2014/15 Budget Requirement | 10,546 |
| | |

| Funding Sources | | |
|---|--|---------------|
| Revenue Support Grant | | 1,528 |
| Homelessness Prevention | | 49 |
| Council Tax Freeze Grant 11/12 | | 141 |
| Council Tax Freeze Grant 13/14 | | 56 |
| Council Tax Freeze Grant 14/15 | | 56 |
| New Homes Bonus | | 1,395 |
| Transfer from Collection Fund | | 147 |
| Localisation of Council Tax Support Grant | | 660 |
| Council Tax | | 4,611 |
| National Non Domestic Rates Baseline | | 2,063 |
| National Non Domestic Rates Safety Net | | -161 |
| Total Funding Available | | 10,546 |

5.0 FINANCIAL STANDING AND GOVERNANCE

5.1 Members will be fully aware of the steps the Council has had to take in recent years and months to make economies and set balanced budgets in line with reductions in resources, and it is to the credit of both Members and officers that early action was taken in anticipation of the reductions in Government funding.

5.2 The Council has a track record of strong financial management, with regular monitoring reports being presented to Members and budget holders. Efficiencies which have been implemented during the course of this year will continue and in many cases savings will be delivered in advance of financial targets.

5.3 The Council however cannot afford to be complacent as it is facing further challenges, not least from more reductions in Government funding from 2015/16 onwards and drive for further economies and efficiency savings must continue through to 2017/18 at least.

5.4 Briefings/consultation on the Council's revenue spending plans and savings schedules have been held as follows:

- Trade Unions
- Staff, via the Chief Executive's road shows and the intranet
- Town and Parish Councils
- Business organisations and partnerships
- National Forest Company
- Further Education Colleges
- General Public

6.0 SPECIAL EXPENSES

6.1 Coalville Special Expenses

As with the Council's own revenue budget, the special expenses budget for Coalville has been prepared on the basis of a nil increase in Council Tax and is shown in the table below. It incorporates the information agreed by the Coalville Special Expenses Working Party: on 17 December 2013.

6.2 Other Special Expenses

The Council also levies special expense precepts in some of the parished areas of the District. In the main these relate to grounds maintenance works that the Parish Councils have chosen for the District to perform. A schedule showing the estimated level of expenditure and proposed precepts is attached as Appendix 3.

7.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 7.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 7.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the General Fund budget are robust; the proposals are deliverable and will produce a balanced budget for 2014/15 as required by Section 25 of the Local Government Act 2003.
- 7.3 Details of the Council's reserves are set out from paragraph 2.14 and again the Section 151 Officer is satisfied that these remain adequate.
- 7.4 The Special Expenses estimates are similarly considered to be robust.
- 7.5 The budget process for the 2014/15 year concludes with the approval of all the revenue budgets and the capital programmes by the full Council on 25 February 2014, following which the Council will also determine the level of Council Tax for the 2014/15 year.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2014/15

APPENDIX 1

| 2013/14 Budget £ | 2013/14 F'cast Outturn £ | Service | 2014/15 Base Budget £ | Cabinet Savings | 2014/15 Budget £ |
|------------------------|-----------------------------------|--|-----------------------------|--------------------|------------------------|
| 245,280 | 248,870 | Chief Executive | 249,390 | -2,250 | 247,140 |
| 296,930 | 291,130 | Human Resources | 294,000 | -2,210 | 291,790 |
| 2,297,670 | 2,185,250 | Legal & Support Services | 2,325,750 | -36,380 | 2,289,370 |
| 1,770,730 | 1,755,360 | Finance | 1,827,520 | -10,910 | 1,816,610 |
| 4,610,610 | 4,480,610 | Total Chief Executive's Department | 4,696,660 | (51,750) | 4,644,910 |
| 376,940 | 365,994 | Director of Services | 386,410 | 0 | 386,410 |
| 3,994,650 | 3,671,983 | Community Services | 3,961,130 | -159,270 | 3,801,860 |
| 430,080 | 425,090 | Strategic Housing | 433,300 | 0 | 433,300 |
| 583,640 | 249,500 | Regeneration & Planning | 769,350 | -7,190 | 762,160 |
| 5,385,310 | 4,712,567 | Total Director of Services | 5,550,190 | (166,460) | 5,383,730 |
| 52,630 | 52,550 | Corporate & Democratic Core | 54,160 | 0 | 54,160 |
| 116,400 | 114,600 | Non Distributed | 114,860 | 0 | 114,860 |
| 10,164,950 | 9,360,327 | NET COST OF SERVICES | 10,415,870 | (218,210) | 10,197,660 |
| (1,343,080) | (1,307,320) | Net Recharges from General Fund | (1,370,481) | -36,259 | (1,406,740) |
| 8,821,870 | 8,053,007 | NET COST OF SERVICES AFTER RECHARGES | 9,045,389 | (254,469) | 8,790,920 |
| | | Corporate Items and Financing | | | |
| | | Corporate Income and Expenditure | | | |
| 1,175,510 | 1,175,510 | Net Financing Costs | 1,148,480 | 0 | 1,148,480 |
| (43,000) | (50,000) | Investment Income | (43,000) | 0 | (43,000) |
| 360,000 | 260,000 | Corporate Contingency | 250,000 | -150,000 | 100,000 |
| | | Living wage Contingency | 10,000 | 0 | 10,000 |
| 0 | 0 | Pension Contingency | 50,000 | 0 | 50,000 |
| 118,191 | 118,191 | Localisation of Council Tax Support Grant - Parish | 86,672 | 0 | 86,672 |
| 10,432,571 | 9,556,708 | NET REVENUE EXPENDITURE | 10,547,541 | (404,469) | 10,143,072 |
| 91,896 | 967,559 | Contribution to (from) General Fund Balance | -1,044 | 404,469 | 403,425 |
| 10,524,467 | 10,524,267 | AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement) | 10,546,497 | (0) | 10,546,497 |
| | | Financed By | | | |
| 2,587,392 | 2,587,392 | Revenue Support Grant | 1,528,397 | | 1,528,397 |
| 20,428 | 20,428 | Council Tax Transitional Grant | 0 | | 0 |
| 50,000 | 50,000 | Homelessness Prevention | 49,252 | | 49,252 |
| 141,602 | 141,602 | Council Tax Freeze Grant 11/12 | 140,969 | | 140,969 |
| 56,570 | 56,570 | Council Tax Freeze Grant 13/14 | 56,056 | | 56,056 |
| 0 | 0 | Council Tax Freeze Grant 14/15 | 55,953 | | 55,953 |
| 923,055 | 923,055 | New Homes Bonus | 1,395,484 | | 1,395,484 |
| 16,679 | 16,679 | Transfer from Collection Fund | 147,136 | | 147,136 |
| 655,720 | 655,720 | Localisation of Council Tax Support Grant | 660,614 | | 660,614 |
| 4,509,000 | 4,509,000 | Council Tax | 4,610,555 | | 4,610,555 |
| 1,721,321 | 1,721,321 | National Non Domestic Rates Baseline | 2,062,631 | | 2,062,631 |
| (157,500) | (157,500) | National Non Domestic Rates Safety Net | (160,550) | | (160,550) |
| 10,524,267 | 10,524,267 | TOTAL FUNDING AVAILABLE | 10,546,497 | 0 | 10,546,497 |
| | | SPECIAL EXPENSES | | | |
| 755,480 | | Community Services | | | 792,730 |
| (80,820) | | Net Financing Costs | | | (107,040) |
| 0 | | Capital Schemes | | | 0 |
| 674,660 | | NET COST OF SERVICES AFTER RECHARGES | | | 685,690 |
| | | Financed By | | | |
| 0 | | Use of Reserves | | | 6,167 |
| 574,382 | | Council Tax | | | 584,139 |
| 100,278 | | Localisation of Council Tax Support Grant | | | 95,384 |
| 674,660 | | | | | 685,690 |

| | Lead Member | Service & category i.e. Key Frontline/Statutory – non frontline/Support Services/Discretionary | Savings Proposal | Estimated Savings 2014/15 £'000 | Budget Savings 2014/15 £'000 | Potential Staffing Implications – yes/no? | Key Points Summary |
|---|--------------------|--|--|---------------------------------|------------------------------|---|---|
| 1 | Cllr Nick Rushton | Finance <ul style="list-style-type: none"> Support | General Fund Contingency: Reduce level to £100k with effect from April 2014 | 150 | 150 | No | This revised level of contingency has been calculated based upon historic spend and future estimates and is possible because of best management practice and contingency control. If the Council needs to respond to more significant issues then reserves could be used and replenished as soon as possible. |
| 2 | Cllr Nick Rushton | All Services | Staffing Vacancy Rates: Adjusting the level of vacancy rates in line with historical trends in agreed services. This allows the amount calculated to be taken out of those services' base budgets with effect from April 2014. | 50 | 94.5 | No | Adjusting staff vacancy rates, in line with historic spend, enables cost effective reductions to be made in the overall staffing budget. |
| 3 | Cllr Roger Bayliss | Housing <ul style="list-style-type: none"> Key Frontline | HRA Costs: Re-assessment of the charges made to the HRA for General Fund services. | 50 | 36 | No | The re-assessment of allocations has now been validated by Accountancy. |

| | | | | | | | |
|----|-----------------------|---|---|-------------|---------------|----|--|
| 4 | Cllr Alison Smith MBE | <ul style="list-style-type: none"> Leisure and Cultural Services Discretionary | <p>Coalville Special Expenses:</p> <p>Re-assessment of General Fund expenditure spent on Coalville Special Expense area activity</p> | 25 | 23 | No | <p>The current budget for Coalville Special Expenses will remain broadly unchanged at £417k. However, justifiable General Fund expenses will be re-allocated and the Coalville Special Expenses budget will need to adjust to compensate for this change. Discussions are taking place with the Coalville Special Expenses Working Group which is re-shaping the programme to be delivered in 2014/15, e.g. by reducing current spend on some activities and seeking additional external funding/sponsorship for others.</p> |
| 39 | TOTALS | | | £275 | £303.5 | | |

| | Lead Member | Service & category i.e. Key Frontline/Statutory – non frontline/Support Services/Discretionary | Savings Proposal | Estimated Savings 2014/15 £'000 | Budget Savings 2014/15 £'000 | Potential Staffing Implications – yes/no? | Key Points Summary |
|---|--------------------|--|---|---------------------------------|------------------------------|---|---|
| 1 | Cllr Nick Rushton | Finance <ul style="list-style-type: none"> • Support | General Fund Contingency: Reduce level to £100k with effect from April 2014 | 150 | 150 | No | This revised level of contingency has been calculated based upon historic spend and future estimates and is possible because of best management practice and contingency control. If the Council needs to respond to more significant issues then reserves could be used and replenished as soon as possible. |
| 2 | Cllr Nick Rushton | All Services | Staffing Vacancy Rates: Adjusting the level of vacancy rates in line with historical trends in agreed services. This allows the amount calculated to be taken out of those services' base budgets with effect from April 2014. | 50 | 94.5 | No | Adjusting staff vacancy rates, in line with historic spend, enables cost effective reductions to be made in the overall staffing budget. |
| 3 | Cllr Roger Bayliss | Housing <ul style="list-style-type: none"> • Key Frontline | HRA Costs: Re-assessment of the charges made to the HRA for General Fund services. | 50 | 36 | No | The re-assessment of allocations has now been validated by Accountancy. |

| | | | | | | | |
|----|-----------------------|---|---|-------------|---------------|----|--|
| 4 | Cllr Alison Smith MBE | <ul style="list-style-type: none"> Leisure and Cultural Services Discretionary | <p>Coalville Special Expenses:</p> <p>Re-assessment of General Fund expenditure spent on Coalville Special Expense area activity</p> | 25 | 23 | No | <p>The current budget for Coalville Special Expenses will remain broadly unchanged at £417k. However, justifiable General Fund expenses will be re-allocated and the Coalville Special Expenses budget will need to adjust to compensate for this change. Discussions are taking place with the Coalville Special Expenses Working Group which is re-shaping the programme to be delivered in 2014/15, e.g. by reducing current spend on some activities and seeking additional external funding/sponsorship for others.</p> |
| 41 | TOTALS | | | £275 | £303.5 | | |

| SPECIAL EXPENSES | 2013/14 | | 2014/15 |
|---|-------------------|-------------------|----------------|
| | ORIGINAL ESTIMATE | PROJECTED OUTTURN | ESTIMATE |
| | £ | £ | £ |
| COALVILLE | | | |
| Parks, Recreation Grounds & Open Spaces | 247,430 | 242,300 | 253,860 |
| Broomley's Cemetery | 26,350 | 20,500 | 22,960 |
| C/V War Memorials/Hanging Baskets/Grass Verge Cutting | 20,260 | 20,700 | 20,640 |
| One Off Grants | 3,000 | 3,000 | 3,000 |
| Coalville Events | 36,500 | 37,200 | 40,700 |
| | 333,540 | 323,700 | 341,160 |
| WHITWICK | | | |
| Parks, Recreation Grounds & Open Spaces | 118,450 | 115,090 | 120,500 |
| Cemetery | 15,550 | 12,120 | 16,930 |
| Grass Verge Cutting | 4,370 | 4,370 | 4,410 |
| Asset Protection | 12,500 | 12,500 | 12,500 |
| | 150,870 | 144,080 | 154,340 |
| HUGGLESCOTE | | | |
| Parks, Recreation Grounds & Open Spaces | 34,040 | 33,240 | 34,250 |
| Cemetery | 17,070 | 14,020 | 17,240 |
| Grass Verge Cutting | 3,270 | 3,270 | 3,300 |
| One Off Grants | 750 | 750 | 750 |
| Asset Protection | 3,500 | 3,500 | 3,500 |
| | 58,630 | 54,780 | 59,040 |
| PLAY AREAS/CLOSED CHURCHYARDS | | | |
| GROUND MAINTENANCE: | | | |
| OSGATHORPE | 340 | 340 | 340 |
| COLEORTON | 3,160 | 3,310 | 3,190 |
| KEGWORTH | 400 | 400 | 400 |
| RAVENSTONE | 340 | 340 | 340 |
| MEASHAM | 1,800 | 1,800 | 1,820 |
| LOCKINGTON-CUM-HEMINGTON | 2,780 | 3,620 | 1,790 |
| OAKTHORPE & DONISTHORPE | 3,670 | 3,670 | 3,710 |
| STRETTON | 1,290 | 1,290 | 1,300 |
| APPLEBY MAGNA | 1,550 | 1,550 | 1,570 |
| OTHER SPECIAL EXPENSES | 15,330 | 16,320 | 14,460 |
| SPECIAL EXPENSES (NET COST OF SERVICE) | 558,370 | 538,880 | 569,000 |
| Service Management recharges | 116,290 | 116,290 | 116,690 |
| ANNUAL RECURRING EXPENDITURE | 674,660 | 655,170 | 685,690 |
| FUNDED BY: | | | |
| Use of Reserves | 0 | -19,490 | 6,167 |
| Precept | 574,382 | 574,382 | 584,139 |
| Localisation of Council Tax Support Grant | 100,278 | 100,278 | 95,384 |
| | 674,660 | 655,170 | 685,690 |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 11 FEBRUARY 2014

| | |
|------------------------------|--|
| Title of report | HOUSING REVENUE ACCOUNT BUDGET 2014/15 AND RENT INCREASE |
| Key Decision | a) Financial Yes b) Community Yes |
| Contacts | <p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Director of Services 01530 454555 steve.bambrick@nwleicestershire.gov.uk</p> <p>Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p> |
| Purpose of report | To seek approval of the 2014/15 Housing Revenue Account (HRA) Budget and Rent & Service Charge increases. |
| Reason for Decision | To enable the Council to set a balanced Housing Revenue Account Budget for 2014/15. |
| Council Priorities | The HRA budget assists the Value for Money priority. |
| Implications: | |
| Financial/Staff | As included in report. |
| Link to relevant CAT | Delivering a HRA Budget for 2014/15 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan. |
| Risk Management | The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. |
| Equalities Impact Assessment | 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 Monitoring Officer | The report is satisfactory |
| Consultees | Corporate Leadership Team (CLT). Tenants Performance and Finance Working Group. Tenants and Leaseholders Consultation Forum. Public/Tenant consultation exercise undertaken via website. |
| Background papers | None |
| Recommendations | <p>A) THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER IN SECTION 8 BE NOTED,</p> <p>B) THAT THE COUNCIL BE RECOMMENDED TO:</p> <ol style="list-style-type: none"> 1. APPROVE THE INCREASE OF 3.2% (AVERAGE INCREASE 19 PENCE) IN GARAGE RENTS FOR 2014/15. 2. APPROVE THE AVERAGE INCREASE OF 1.02% (2 PENCE PER WEEK) IN THE WEEKLY SERVICE CHARGE FOR 2014/15. 3. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 3.2% (74 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2014/15. 4. APPROVE THE LIFELINE CHARGES INCREASE OF 3.2% (BETWEEN 6 PENCE AND 10 PENCE PER WEEK) FROM 1 JULY 2014. 5. APPROVE THAT COUNCIL HOUSE RENTS IN 2014/15 BE INCREASED IN ACCORDANCE WITH THE GOVERNMENT'S RENT RESTRUCTURING POLICY BY AN AVERAGE OF 5.78% (AVERAGE INCREASE £4.30 PER WEEK). 6. APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2014/15 ATTACHED AS APPENDIX A. |

1.0 INTRODUCTION

1.1 The Housing Revenue Account budget for 2014/15 is set out at Appendix A. The revised budget for the current year, together with the original 2013/14 budget, are also included in Appendix A for information.

2.0 REVISED BUDGET 2013/14

2.1 The overall forecast for the current year shows a decrease in the forecast surplus from £1.473m to £1.342m. This is largely as a result of a reduction in expected rental income of £251k due to an increased level of empty properties and an increased number of property sales through the 'Right to Buy.'

2.2 There is a decrease in Supervision and Management expenses (£135k) and a reduction in other income of £18k.

2.3 As a result of this and other smaller differences, the balance on the Housing Revenue Account at 31st March 2014 is estimated to be £5.101m. This balance significantly exceeds our agreed minimum balance of £1m but this has been developed to provide a loan repayment reserve provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan.

2.4 The revised forecast now also includes the spend on the government grant funded element of the Decent Homes Improvement Programme of £8.500m, along with the associated government grant funding (Appendix A lines 19 and 30). This is a necessary reporting requirement and the relevant figures for the final year of the programme have also been included in the 2014/15 budget.

3.0 2014/15 BUDGET OVERVIEW

3.1 The budget is based on prices at November 2013 plus known increases, for example contractual obligations.

3.2 Repairs and maintenance of dwellings (Appendix 'A' – line 1) in 2014/15 is anticipated to total £4.933m.

3.3 Supervision and Management Expenditure (Appendix 'A' – line 4) in 2014/15 is expected to be £2.505m (6.8 % higher than the original 2013/14 budget). This is largely caused by the net effect of the service investments and budget savings detailed in Appendices 'B' and 'C.'

3.4 Garage rent levels (Appendix 'A' – line 15) are proposed to rise by 3.2 % which is in line with the Retail Prices Index (RPI) as at September 2013.

3.5 Appleby Magna Caravan Site is a General Fund asset but managed within Housing. Ground rents for the site are proposed to be increased by 3.2% on the anniversary of each individual rent agreement in 2014/15.

3.6 It is proposed that Lifeline Charges (included in Appendix A – line – 3) are increased by 3.2% from 1 July 2014.

3.7 The budget investment and budget reductions proposals included in the 2014/15 budget are shown at Appendices B and C.

4.0 2014/15 BUDGET – RENTS (APPENDIX ‘A’ – LINE 13)

- 4.1 Existing Government policy, introduced nationally for local authorities in April 2002 is to establish the local authority average guideline rent increase by applying RPI inflation at the previous September plus 0.5%, and a convergence factor of up to £2 per week to reflect the number of years to rental convergence with the housing association sector.
- 4.2 The Government has proposed that from 2015/16 this will be replaced by a formula of CPI + 1% for the next 10 years. Historically CPI has been lower than RPI, so the expected impact of this policy would be to reduce annual rent increases. For September 2013 CPI was 0.5% below RPI, so the new formula would have produced an identical increase (for the inflation related element) for 2014/15 had it been in place now.
- 4.3 The Government has recently consulted on a proposal to cease the rent restructuring policy in 2015/16. The consultation finished on 24th December 2013, and the outcome is awaited. Through the rent restructuring process all properties are moving towards their “target rent” in steps of up to £2pw per year. Currently only approximately 30% of our tenants are paying the target rent for their home, principally because we were historically a lower rent level Council. This means the steps required to get to target rents are larger and the impact of the £2pw increase “cap” has restricted many properties progress to their target. Because of their lower rent starting point, many of our homes are not forecast to reach their target rent until after 2016/17. Our business plan forecasts assume that all properties will reach their target rents. If rent restructuring ceases in 2015/16 a significant proportion of our properties will not have reached their target rent. This will reduce the income projected from future rent increases, and mean that we will have different rent levels for similar properties throughout the housing stock.
- 4.4 September 2013 RPI inflation was 3.2%. This has been used as the basis to calculate the rent increase for 2014/15 in line with the Government’s Rent Convergence Policy.
- 4.5 Members may recall that the original average rent for 2013/14 approved at Council on 26th February 2013 was £74.25. As part of the 2008/2009 budget setting process and following tenant consultation, Members agreed that upon re-let, if the tenant was new to the service, the rent charged would be the target rent. Such re-lets since the approval of the 2013/14 rent now mean that the average rent has increased by 20 pence to £74.45
- 4.6 In accordance with Government’s Rent Convergence Policy therefore it is proposed to increase the average weekly rents by £4.30 per week (5.78%) from £74.45 to £78.75. For those properties already at the target rent the increases are 3.7%.
- 4.7 A table showing a sample of rents across property types and areas is attached at Appendix “D” for Member’s information. This excludes any service charge.

5.0 SERVICE CHARGES

- 5.1 About one third of the Council’s properties have a service charge of one type or another, covering a range of items such as communal heating, communal lighting and the maintenance of communal areas. The estimated income from these charges is shown at line 14 of Appendix “A”.
- 5.2 For 2014/15 average weekly service charges are proposed to be increased by 2 pence (1.02%) from £1.43 to £1.45. This gives a combined average rent/service charge increase of £4.32 per week (5.69%), from £75.88 to £80.20.

6.0 HOUSING REVENUE ACCOUNT BALANCE

- 6.1 The budget for 2014/15 produces an operating surplus of £1.674m for the year which will increase the estimated balance on the Housing Revenue Account at 31st March 2015 to £6.707m.
- 6.2 Significant surpluses on the HRA are required in 2013/14 and 2014/15 and beyond so as to be able to meet the loan repayment commitments in the HRA Business Plan.

7.0 CONSULTATION PROCESS

- 7.1 Consultation on the Housing Revenue Account 2014/15 budget has been completed via the Council's website, sharing the draft budget proposals as approved by Cabinet on 10 December 2013.
- 7.2 Proposals have also been shared with the tenants' Performance and Finance working group. There was general support for the proposed budget, and their specific feedback was:

That a wider range of communication methods should be used for future years budget consultations and not just the Council's website.

That the e-form link for tenants to make comment should also include a space for telephone number and address should users not have their own email address (for example, using Library computer and internet).

That the proposed Energy Strategy Officer is a vital role for the next few years for the Housing Service to ensure that energy efficiency matters were being considered and necessary actions implemented.

That the Resident Involvement restructure provision was reasonable. As involved tenants, the group expressed views in relation to the need for additional administrative support to release Officer time for more development work.

- 7.3 The formal consultation closed on 17 January 2014 and no further comments were received.
- 7.4 Since the Cabinet meeting on 10 December 2013 the following amendments have been made to the budget investment and budget reduction proposals;

Tenancy Support Officer – budget provision no longer required as the proposal has been funded from the existing salary provision as part of the restructure of the Housing Management service, saving £40k.

Green and Decent project assessment costs - reduced from £13,400 to £7,000 following a reassessment of the budget provision required.

Energy Strategy Officer was given a 'green' status to reflect views expressed by the Performance and Finance working group during consultation.

- 7.5 Leicestershire County Council has been undertaking a market testing exercise for the provision of Older Persons Housing Related Support (formerly known as the Warden Service) and Assistive Technology (the Central Control Service). The County Council has recently decided to cease the Housing Related Support tender process, and it is now anticipated that the current Older Persons Support and Central Control contract

will be extended to September 2015. The draft HRA budget had been prepared assuming this tender process would go ahead, producing a net saving of £171k per annum by reducing staffing capacity and redesigning the service. The detailed budget implications of the County Council's decision not to proceed with the tender are still being assessed at the time of producing this report. It is therefore proposed that the projected savings from the service redesign and associated tender process are removed from the budget.

8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 8.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2014/15 are robust and prudent and the proposals are deliverable.
- 8.3 The Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.

HOUSING REVENUE ACCOUNT SUMMARY

| LINE NO. | DETAIL | 2013/2014 | | 2014/2015 |
|--------------------------------|--|-------------|--------------------|---------------|
| | | Budget £ | Forecast (p9) £ | Estimate £ |
| HOUSING REVENUE ACCOUNT | | | | |
| 1. | TOTAL REPAIRS & MAINTENANCE | 4,849,230 | 4,879,170 | 4,933,190 |
| | SUPERVISION & MANAGEMENT | | | |
| 2. | General | 2,114,740 | 2,041,070 | 2,117,130 |
| 3. | Special / Supporting People | 229,830 | 168,600 | 387,720 |
| 4. | | 2,344,570 | 2,209,670 | 2,504,850 |
| 5. | PROVISION -DOUBTFUL DEBTS | 96,760 | 96,760 | 170,790 |
| 6. | CAPITAL FINANCING:- | | | |
| 7. | Depreciation - MRA & other | 4,008,170 | 4,008,170 | 4,008,170 |
| 8. | Debt Management Expenses | 1,380 | 1,380 | 1,390 |
| 9. | | 4,009,550 | 4,009,550 | 4,009,560 |
| 10. | HOUSING SUBSIDY PAYMENT TO NATIONAL POOL | 0 | 0 | 0 |
| 11. | TOTAL EXPENDITURE | 11,300,110 | 11,195,150 | 11,618,390 |
| 12. | RENT INCOME | | | |
| 13. | Dwellings | 16,051,250 | 15,800,430 | 16,741,400 |
| 14. | Service Charges | 316,550 | 303,680 | 304,550 |
| 15. | Garages & Sites | 89,020 | 83,340 | 80,920 |
| 16. | Other | 26,100 | 26,100 | 26,100 |
| 17. | | 16,482,920 | 16,213,550 | 17,152,970 |
| 18. | GOVERNMENT GRANTS | | | |
| 19. | Decent Homes Backlog Grant | 0 | 8,500,000 | 8,560,000 |
| | | 0 | 8,500,000 | 8,560,000 |
| 20. | TOTAL INCOME | 16,482,920 | 24,713,550 | 25,712,970 |
| 21. | NET COST OF SERVICES | -5,182,810 | -13,518,400 | -14,094,580 |
| 22. | CAPITAL FINANCING - HISTORICAL DEBT | 175,000 | 175,000 | 175,000 |
| 23. | CAPITAL FINANCING - SELF FINANCING DEBT | 3,257,170 | 3,257,170 | 3,257,170 |
| 24. | INVESTMENT INCOME | -25,200 | -25,200 | -25,200 |
| 25. | PREMATURE LOAN REDEMPTION PREMIUMS | 19,270 | 19,270 | 14,470 |
| 26. | | 3,426,240 | 3,426,240 | 3,421,440 |
| 27. | NET OPERATING EXPENDITURE | -1,756,570 | -10,092,160 | -10,673,140 |
| 28. | REVENUE CONTRIBUTION TO CAPITAL | 250,000 | 250,000 | 490,000 |
| 29. | DEPRECIATION CREDIT - VEHICLES | 0 | 0 | -50,730 |
| 30. | DECENT HOMES BACKLOG GRANT FINANCING | 0 | 8,500,000 | 8,560,000 |
| 31. | CONTINGENCY | 33,000 | 0 | 0 |
| 32. | | 283,000 | 8,750,000 | 8,999,270 |
| 33. | NET (SURPLUS) / DEFICIT | -1,473,570 | -1,342,160 | -1,673,870 |
| <u>HRA BALANCES</u> | | | | |
| 34. | Balance Brought Forward | -3,759,156 | -3,759,156 | -5,033,586 |
| 35. | (Surplus)/Deficit for Year | -1,473,570 | -1,342,160 | -1,673,870 |
| 36. | Balance as at year end | -5,232,726 | -5,101,316 | -6,707,456 |

HRA Proposed Investments (including contract uplifts) 2014/15

APPENDIX B

| Investments (included in proposed budget) | What is the investment for ? | £'s | Period | Status |
|---|--|----------------|-----------|--------|
| Increase in Bad Debt Provision | Increase to reflect increase in arrears due to welfare reform | 74,030 | Recurring | Green |
| SoR (Schedule of rates) Void Costs - Increase in Number of Voids | Additional budget to reflect increase in number of void properties | 109,000 | Recurring | Green |
| SoR (Schedule of Rates) Increase - Contract Inflationary Increase | Inflation increase in repairs contract prices | 52,000 | Recurring | Green |
| HRA Salary cost of living rise | 1% assumed as per GF | 74,470 | Recurring | Green |
| RCCO - Revenue Contribution to Capital outlay | Estimated RCCO - to be confirmed | 240,000 | Recurring | Green |
| Electricity costs - Increase in Utility Costs | | 13,300 | Recurring | Green |
| Green & Decent advisor costs | Costs for Energy Saving Trust in monitoring and evaluating pilot | 7,000 | 1 year | Green |
| Garage & Garage Site Reduction in Income Due to Voids and Review of Sites | Fewer garages let, and projected reduction due to redevelopment | 8,100 | Recurring | Green |
| Energy Strategy Officer | Option to fund post that would lead on our approach to energy efficiency related work in relation to Council Housing | 31,000 | 2 years | Green |
| Resident Involvement Restructure provision | Increase in capacity to reflect recent restructure (Team Leader role) | 27,000 | Recurring | Green |
| ICT Project Officer fixed term extension | To allow proper conclusion to mobile working project | 9,000 | 1 year | Green |
| Mobile working licence costs | Additional license costs over an above existing budget | 9,000 | Recurring | Green |
| Service Charges - Increased Provision in Relation to Additional Void Properties | | 12,000 | Recurring | Green |
| Increase in Corporate recharges | As seen in draft GF budget for 2014/15 | 50,000 | Recurring | Green |
| Gas costs - Increase in Utility Costs | | 16,810 | Recurring | Green |
| Void Loss | Increase in rent lost as per an increase in void properties | 185,600 | Recurring | Green |
| De Minimus items (under £5k) | Inflation Increase in Gas Servicing Contract (£2,250), Increase in properties for gas servicing due to conversion from solid fuel (£ 3,740), Inflation increase in Cleaning contract (£ 1,570), Inflation increase in Grounds Maintenance contract (£ 1,150), Assistive telecare equipment & phone bills costs (£ 2,350), Open Housing Improvement Group ICT systems enhancements (£ 3,000) | 14,060 | Recurring | Green |
| | | 932,370 | | |

| Investments (included in proposed budget but not yet finalised) | What is the investment for ? | £'s | Period | Status |
|---|---|---------------|-----------|--------|
| HRA Hardship Fund | Option to have additional DHP type provision for Council tenants only | 10,500 | Recurring | Amber |
| Under Occupation Incentive | Option to help tenants move if affected by under occupation charge | 10,000 | 2 years | Amber |
| | | 20,500 | | |

Total Investments
952,870

HRA Proposed Savings (including increases in income) 2014/15

APPENDIX C

| Savings (included in proposed budget) | How will the saving be made ? | £'s | Period | Status |
|---|--|------------------|-----------|--------|
| Reduction of overtime paid for boiler stoking | Solid fuel boilers no longer in use | 10,000 | Recurring | Green |
| Reduction in tipping charges | Increased budget last year, has not been used in full | 6,000 | Recurring | Green |
| Mobile working | Reduction in repairs budget due to mobile working efficiencies | 77,100 | Recurring | Green |
| Assistive Telecare Maintenance Contract | Reduction in charges from new contractor | 7,500 | Recurring | Green |
| Dwelling rents | Annual rent increase at 5.78% average | 875,750 | Recurring | Green |
| End of pension added years provision | Budget provision that is not required | 18,000 | Recurring | Green |
| Consultation budget | Budget provision not required in 2014/15 as STAR survey is only carried out bi-annually | 8,000 | 1 year | Green |
| Defective Double Glazing | Removal of one-off growth from 2013/14 | 50,000 | Recurring | Green |
| Minor adaptations budget | Surplus budget capacity - not required. | 10,000 | Recurring | Green |
| Council Tax | Reduction in budget to reflect actual 2013/14 spend | 41,700 | Recurring | Green |
| Capitalised Salaries Income | Charging Planned Investment team salary costs to capital | 38,000 | Recurring | Green |
| De Minimus items (under £5k) | Reduction in In House Repairs Team vehicle fuel costs (£4,000), Reduced number of properties for solid fuel servicing due to conversion to gas (£ 2,180), Annual increase in Lifeline charges (£ 4,000), Reduced Refuse Collection costs due to closed schemes (£ 1,400), Reduced uniforms budget for Customer Services staff (£ 4,700), Income received from sale of recycling materials (£ 2,000), Increased Central Heating Charges (£2,400), Reduced Premium on historical premature loan redemptions (£ 4,800) | 25,480 | Recurring | Green |
| | | 1,167,530 | | |

1,167,530

214,660

Total savings

Net Budget saving/(investment)

APPENDIX D

Examples of Proposed Rent Charges 2014/2015 (excluding service charges)

| ASSET LOCATION | BEDSIT | | | | | | ONE BEDROOM | | | | | | TWO BEDROOM | | | | | | THREE BEDROOM | | | | | | FOUR / FIVE BEDROOM | | | | | |
|--|-------------------------|---------|---------|--------------------|---------|---------|-------------------------|---------|---------|--------------------|---------|---------|-------------------------|---------|---------|--------------------|---------|---------|-------------------------|---------|---------|--------------------|---------|---------|-------------------------|---------|---------|--------------------|-------|--------|
| | Existing Rent (2013/14) | | | New Rent (2014/15) | | | Existing Rent (2013/14) | | | New Rent (2014/15) | | | Existing Rent (2013/14) | | | New Rent (2014/15) | | | Existing Rent (2013/14) | | | New Rent (2014/15) | | | Existing Rent (2013/14) | | | New Rent (2014/15) | | |
| | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | Lowest | Average | Highest | | | |
| Albert Village, Coalville, Ellistown, Hugglescote, Overseal, Worthington. | 37.26 | 45.64 | 52.35 | 40.64 | 48.42 | 54.28 | 43.28 | 56.89 | 67.78 | 46.88 | 60.23 | 70.85 | 52.78 | 71.54 | 79.32 | 56.73 | 75.61 | 82.25 | 73.17 | 81.61 | 88.11 | 77.88 | 86.34 | 91.37 | 82.87 | 87.50 | 95.19 | 88.04 | 92.45 | 98.71 |
| Castle Donington | 41.43 | 47.44 | 53.45 | 44.96 | 50.20 | 55.43 | 46.05 | 57.50 | 67.82 | 49.75 | 61.39 | 72.33 | 65.55 | 75.93 | 82.65 | 69.98 | 80.24 | 85.71 | 60.66 | 83.66 | 91.44 | 64.90 | 88.50 | 94.82 | 84.80 | 88.34 | 92.33 | 89.94 | 93.61 | 97.75 |
| Ibstock, Moira, Ravenstone, Thringstone, Whitwick. | 46.09 | 49.77 | 53.45 | 49.80 | 52.62 | 55.43 | 33.99 | 57.94 | 70.55 | 37.25 | 61.41 | 73.16 | 41.98 | 70.49 | 83.78 | 45.53 | 74.55 | 86.88 | 68.90 | 82.37 | 92.53 | 73.45 | 87.12 | 95.95 | 85.95 | 88.15 | 96.30 | 91.13 | 93.27 | 99.87 |
| Ashby, Blackfordby, Coleorton, Diseworth, Donisthorpe, Kegworth, Long Whaiton, Measham, Newbold Coleorton, Oakthorpe, Packington | 34.62 | 50.59 | 59.02 | 37.90 | 53.52 | 61.20 | 41.70 | 59.93 | 70.55 | 45.24 | 63.56 | 73.16 | 54.77 | 71.22 | 82.11 | 58.80 | 75.34 | 85.15 | 70.56 | 82.40 | 96.42 | 75.17 | 87.07 | 99.99 | 78.23 | 86.83 | 102.35 | 83.12 | 91.89 | 106.14 |
| Appleby Magna, Belton, Breedon, Chilcote, Heather, Hemington, Lockington, Newton Burgoland, Normanton Le Heath, Osgathorpe, Snerstone, Swannington, Swepestone, Tonge. | 53.54 | 55.68 | 56.24 | 57.52 | 58.25 | 58.32 | 56.00 | 63.76 | 70.55 | 60.07 | 67.69 | 73.16 | 62.83 | 73.36 | 84.88 | 67.15 | 77.37 | 88.03 | 81.25 | 85.69 | 93.64 | 86.26 | 90.59 | 97.10 | 90.26 | 90.26 | 90.26 | 95.60 | 95.60 | 95.60 |

| | £ | £ | % |
|----------------|--------|------------------|------|
| SUMMARY | | | |
| Average Rent | 78.75 | Average Increase | 5.78 |
| Lowest Rent | 37.25 | Lowest Increase | 3.69 |
| Highest Rent | 106.14 | Highest Increase | 9.59 |

Figures based upon stock levels as at 11th November 2013: 4310 properties

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 11 FEBRUARY 2014

| | |
|-----------------------------------|--|
| Title of Report | CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2013/14 AND PROPOSED PROGRAMMES 2014/15 TO 2017/18 |
| Key Decision | a) Financial Yes b) Community Yes |
| Contacts | <p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p> <p>Financial Planning Manager 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk</p> |
| Purpose of Report | <p>To advise Members of the likely Capital Outturn and the relevant financing for the 2013/14 financial year for the General Fund, Coalville Special Expenses and the H.R.A. To seek approval to the proposed General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2014/15 to 2017/18 and associated funding.</p> <p>To advise Members of the proposed procurement routes for schemes over £100k and seek delegated authority to award contracts as appropriate.</p> |
| Reason for Decision | To enable projects included in the Programmes to proceed. |
| Council Priorities | The projects in the Capital Programmes help the Council achieve all its priorities. |
| Implications Financial / Staff | As contained in the report. |

| | |
|----------------------------------|--|
| Links to relevant CAT | The Capital programmes are potentially relevant to all Corporate Action Teams (CATs). |
| Risk Management | The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget. |
| Equalities Impact Assessment | No impact at this stage. |
| Human Rights | None identified. |
| Transformational Government | The Programmes attached are integral to delivering better services. |
| Comments of Head of Paid Service | The report is satisfactory |
| Comments of Section 151 Officer | As author the report is satisfactory. |
| Comments of Monitoring Officer | The report is satisfactory |
| Consultees | CLT and budget holders. |
| Background Papers | None |
| Recommendations | <p>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTFURN FOR 2013/14 AND PLANNED FINANCING BE NOTED.</p> <p>B. THAT COUNCIL BE RECOMMENDED TO APPROVE EXPENDITURE IN 2014/15 AS PER:</p> <ul style="list-style-type: none"> • APPENDIX “A” GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES • APPENDIX “B” FOR HRA CAPITAL SCHEMES AND IN 2015/16 THESE SCHEMES ONLY: • £617,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS HIGHLIGHTED * IN APPENDIX “A” <p>C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES AND DELEGATES THE AUTHORITY TO AWARD THE CONTRACTS, AS DETAILED IN SECTION 7 (PROCUREMENT OPTIONS) OF THIS REPORT AND WAIVE CONTRACT PROCEDURE RULE 5.14 IN RESPECT OF THE CAR PARK RESURFACING TO BE UNDERTAKEN IN THE 2014-2015 YEAR</p> |

1.0 INTRODUCTION

- 1.1 Attached at Appendix “A” is the General Fund and Special Expenses draft Capital Programme for 2014/15 to 2017/18.”
- 1.2 Appendix “B” shows the H.R.A. draft Capital Programme for 2014/15 to 2017/18.
- 1.3 The Appendices also show the estimated outturn for the current year.

2.0 ESTIMATED OUTTURN 2013/14

- 2.1 The projected outturn for 2013/14 on General Fund schemes totals £1,936,471. This is a planned increase of £157,471 on the original budget for the year of £1,779,000.
- 2.2 This managed increase is caused by the following:

| Slippage from 2012/13 on: | £ | £ |
|--|-----------|----------------|
| | | |
| User Workstation Replacement | 60,000 | |
| Disabled Facilities Grant | 263,000 | 323,000 |
| | | |
| Additional Approved Schemes in 2013/14: | | |
| | | |
| Improving Customer Service Experience (ICE) | 187,000 | |
| Waste Management System (ICE) | 95,000 | |
| Coalville Market Upgrade | 68,000 | |
| Payroll Software | 20,000 | |
| Disabled Facilities Grant | 5,000 | |
| | | 375,000 |
| Schemes not now being progressed /Slippage and Under spends in the year | | |
| | | |
| | | |
| Disabled Facilities Grant - Slippage into 2014/15 | (172,629) | |
| Council offices Extension car park | (32,000) | |
| CRM Software | (70,000) | |
| Coalville Market Upgrade | (168,000) | |
| Market Hall Car Park | (64,500) | |
| Other Minor Under spends | (33,400) | |
| | | (540,529) |
| | | |
| TOTAL | | 157,471 |
| | | |

The planned financing of the General Fund expenditure totalling £1,936,471 in 2013/14 is as follows:

| | £ |
|--|-----------|
| Disabled Facilities Grant and PCT monies carried forward | 239,471 |
| Disabled Facilities Grant | 228,700 |
| Revenue Contributions to Capital | 49,000 |
| Value for Money Reserve | 183,000 |
| Other Reserves | 35,000 |
| Salix Loan for Energy Efficient Lighting schemes | 31,800 |
| Leasing/Internal Borrowing | 1,169,500 |
| | 1,936,471 |

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

2.4 The slippage shown in paragraph 2.2 above is expenditure which was originally budgeted for in 2012/13 but which has been spent in 2013/14. The budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2014/15 TO 2017/18 – INDIVIDUAL SCHEMES

3.1 The programme for 2014/15 to 2017/18 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. The following new schemes are included in the programmes for approval to commence in 2014/15:

3.1.1 Network Upgrade (£100,000)

The network infrastructure and the Core and Edge switches are at the heart of the corporate network, providing access to the entire network and internet to the whole of the council. Our current Core and Edge Switches are coming to the end of their lives, an upgrade is therefore required to mitigate against the risk of network failure, as well as faster connectivity that the latest technology will provide.

3.1.2 Replacement Back-up and Disaster Recovery Solution (£37,000)

To replace our current tape backup solution with an online data store at our Disaster Recovery site 'Hermitage Leisure Centre'. This will reduce the risk of data loss from an old tape media device, and also terminate the need for a backup Disaster Recovery Contract.

3.1.3 Hermitage Recreation Ground – Astro turf Replacement (£140,000)

The existing surface was laid in 2000 with a life expectancy of 10 years. The carpet has an annual independent inspection and in March 2013 this identified that the pile had reduced from 14mm to 7.6mm. The fencing is also in poor repair despite regular and ongoing investment to maintain it. Due to the deterioration in quality, income has reduced by over 50% between 2008/09 and 2013/14 by replacing the Astro turf, the Council maintenance costs will reduce and also bring in extra income over the future years.

- 3.1.4 Hood Park Leisure Centre Fire Alarm Audit (£12,000)
This was identified by William Saunders Partnership (WSP) when they undertook a condition survey in 2010. In Order to be BS5839 compliant, they advised that various emergency signs and break glass points needed replacing to improve their Ingress Protection Factor, that further detection be provided in the Sports Hall, Function Room, the outdoor pool plant and various corridors throughout the building. BS5839 is the Approved Code of Practice for the design, installation, commissioning and maintenance of fire detection and fire alarm systems
- 3.1.5 South Street car park Ashby Resurfacing (£22,500)
The car park surface condition has deteriorated due to age and use, giving rise to the development of defects. Repairs are not economical neither practical. Resurfacing of the entire car park is required.
- 3.1.6 Hermitage Recreation Ground all weather pitch area car park (£11,500)
Resurfacing of two access roads leading to the all weather Play area car park. Resurfacing is required to address the defects and add structural strength in order to preserve the road for the future.
- 3.1.7 Whitwick Business Centre – Central Heating System. (£150,000)
The Current Central heating system is very old and does require expensive repairs on a regular basis. The optimum solution to avoid these expensive repairs on a regular basis is to replace the existing system with a new environment friendly central heating system
- 3.1.8 Caravan Site Appleby Magna – Fire Risk Scheme (£175,000)
Following the recent completion of an updated Fire Risk Assessment of this asset, a number of items of remedial work have been identified. These include the need to address the spacing between some of the mobile homes, removal of combustible materials stored between plots and alterations to the access road layout. The implementation of these requirements is currently being planned for, and the provision of a prudent level of funding to address this is therefore considered essential.
- 3.1.9 Material Separating Technology – Linden Way Depot (£190,000)
This was highlighted in the waste service review. Extra income could be generated by bringing in this technology to separate plastic and cans collected by our refuse department. This technology is widely available and used by other councils.

3.2 The General Fund capital programme (2014/15) will be funded by:

| | |
|----------------------------|-----------------|
| | £ |
| S106 | 43,000 |
| Internal Borrowing | 1,239,000 |
| Reserves | 638,500 |
| Revenue Contribution | 149,300 |
| Disabled Facilities Grants | 224,000 |
| | <hr/> 2,293,800 |

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 The projected out turn for Coalville Special Expenses is £95,000 as detailed in Appendix A. This is £93,000 less than the approved budget of £188,000.

| Slippage from 2013/14 on: | £ | £ |
|---|----------|----------------|
| Coalville Park Improvements | 14,000 | |
| Melrose Road Play Hub | 30,000 | |
| Broomleys Allotments | 6,000 | |
| Urban Forest Park - Play equipment | 40,000 | |
| Owen Street -Floodlights | 9,000 | 99,000 |
| Additional Approved Scheme in 2013/14: | | |
| BMX Cropston drive | 10,000 | 10,000 |
| Schemes now identified as Slippage in the year | | |
| Scotlands Recreation Ground | -10,000 | |
| Cropston Drive BMX Track | -42,000 | |
| Thringstone Miners Social Centre | -5,000 | |
| Urban Forest Park-Footway and drainage improvements | -30,000 | |
| Owen Street - Changing Rooms | -115,000 | |
| | | -202,000 |
| TOTAL | | -93,000 |

4.2 Apart from the slippage shown above there are no new schemes planned for 2014/15.

5.0 H.R.A. CAPITAL PROGRAMME 2014/15 - 2017/18 – INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2014/15 to 2017/18.

5.2 Planned spend in 2014/15 and onwards mainly consists of

5.2.1 Decent Homes Improvement Programme (DHIP)

The Decent Homes standard was introduced by the last Government to drive up the quality of social housing across the country. The standard sets a range of indicators for different elements of tenant’s homes. North West Leicestershire has the highest national level of predicted Non Decency on this assessment at 70%.

Government has set aside £2.1bn, out of which £0.6bn is ring fenced to new Stock Transfer gap funding and the remaining £1.5bn is available for councils, with over 10% of their stock non decent, to bid for. The Council bid was successful and it received £3.7m for 2012/13, with further funding of £8.5m for years 2013/14 and 2014/15 respectively.

The Decent Homes Improvement Programme for 2014/15 will invest £10.85 million in improving tenants' homes.

5.2.2 Housing Planned Investment Programme (HPIP)

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments required to maintain and enhance the housing stock and associated services and assets, which are outside the Governments definition of Decent Homes works. This part of the housing capital programme is funded from receipts from Council Housing sales (Right to Buy) and the annual transfer of a Major Repairs Allowance from the Housing Revenue Account.

6.0 CAPITAL RESOURCES

6.1 The resources estimated to be needed to finance the General Fund programme 2014/15 to 2017/18 total £5,763,200 as follows:

| | £ |
|--------------|-------------------|
| 2014/15 | 2,293,800 |
| 2015/16 | 1,122,300 |
| 2016/17 | 1,280,800 |
| 2017/18 | 1,066,300 |
| Total | £5,763,200 |

6.2 Funding is in place in 2014/15 for the Disabled Facilities Grants Scheme (£546,300) consisting of £224,000 Disabled Facilities Grants, £173,000 of reserves and £149,300 of Revenue Contribution. The remaining schemes can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2014/15 Revenue Budget.

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

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

6.5 In order to progress with the 2015/16 purchases approval is sought for the following vehicles:

| | £ |
|------------------------------|----------------|
| Refuse Vehicle and Kerbsider | 450,000 |
| Vans Small | 12,000 |
| Vans Medium | 40,000 |
| Vans Pickup | 65,000 |
| Tractor/Plant | 50,000 |
| | <u>617,000</u> |

6.6 As far as the Coalville Special Expenses Programme is concerned, the following resources are available:

| | £ |
|---|---------------------|
| Resources available as at 1st April 2013 | 151,289 |
| S15 in 2013/14 | 10,000 |
| S106 Funding | <u>139,842</u> |
| Resources available to finance 2012/13 capital expenditure | 301,131 |
| <u>Less:</u> | |
| Capital Programme Expenditure 2013/14 | <u>94,798</u> |
| Resources available at 1st April 2014 | 206,333 |
| <u>Add:</u> | |
| S106 Contributions for 2014/15 | <u>0</u> |
| Resources available to finance 2013/14 capital expenditure | 206,333 |
| <u>Less:</u> | |
| Capital Programme Expenditure 2014/15 | <u>202,047</u> |
| Resources available at 1 st April 2015 | <u>4,286</u> |

It can therefore be seen that there are sufficient resources to finance the Coalville Special Expenses Capital Programme as proposed.

- 6.7 The following resources are estimated to be available for financing the Housing Revenue Account Programme. A surplus of £613k can be carried forward to 2015/16.

| | |
|--|-----------------------|
| Major Repairs Reserve Balance at 1st April 2013 | 2,961,000 |
| Available Capital Receipts at 1st April 2013 | 1,230,000 |
| RCCO | 250,000 |
| Major Repairs Allowance 2013/14 | 3,991,000 |
| Decent Homes Funding 2013/14 | <u>9,026,000</u> |
| Resources available to finance 2013/14 capital expenditure | 17,458,000 |
| <u>Less:</u> | |
| Used to finance HRA capital expenditure in 2013/14 | <u>15,737,500</u> |
| Resources available at 1st April 2014 | 1,720,500 |
| Contribution to Major Repairs Reserve 2014/15 | 3,991,000 |
| Decent Homes Funding 2014/15 | 8,560,000 |
| Revenue Contribution in 2014/15 | 490,000 |
| Retained Right to Buy Receipts | 203,618 |
| Capital Receipts /Allowance | <u>325,000</u> |
| Resources available to finance 2014/15 capital expenditure | <u>15,290,118</u> |
| <u>Less:</u> | |
| Used to finance HRA capital expenditure in 2014/15 | <u>14,676,667</u> |
| | <u>613,451</u> |
| Resources available at 1st April 2015 | <u><u>613,451</u></u> |

7.0 PROCUREMENT OPTIONS

7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet is also asked to address a request for a waiver to the Contract Procedure Rules (CPR) for a particular selection of contract opportunities. Each will be considered in turn.

7.2 Although the procurement processes may be commenced sooner, the contract award will not take place before Council has approved the budget for the Capital Programmes. The authority's procurement documentation gives a right not to award a contract, should Council not approve the budget.

7.3 Hermitage Recreation Ground – Astroturf Replacement

7.3.1 Further to paragraph 3.1.3 above, the existing surface has exceeded its life expectancy and needs replacing. Three options were considered: close the Astroturf facility, maintain in current state or replace. The current state of the surface makes it unattractive for paying users and will become increasingly dangerous. Closing the facility would result in a significant reduction in income and loss of a well used local leisure facility. Resurfacing the facility to the latest 3G specification would significantly increase demand for the facility by local sports clubs and lead to an increase in income for the authority through facility hire. External survey and benchmarking work carried out by the Football Association in 2013, identified that the authority should ideally have between three and four 3G pitches in order to satisfy local football demand. At present, the district only has one at Newbridge School.

7.3.2 To prevent vandalism and deterioration of the facility from use by unauthorised persons, a new more robust fencing structure will need to be erected. It has been determined that the two requirements (replacement surface and fencing) will be procured together as having one contractor will be more efficient for officers to manage and will minimise the risk of the surface being completed and left exposed while the fence is erected. It is likely that the successful bidder will sub-contract the fencing element of the contract and bidders will be made aware of the authority's desire to support local businesses.

7.3.3 Soft market testing indicates that the contract value would be approximately £140,000, which would be a Band D (Large) Contract under the CPR, requiring a full tender process to be followed. It is proposed to follow an open procedure (CPR 7.5 – 7.6), aiming for delivery in summer 2014. Bidders will be evaluated on the basis of 60:40 Quality: Price split.

7.3.4 Cabinet is asked to delegate award of the subsequent contract for replacement of the Hermitage recreation ground Astroturf surface to the Director of Services in consultation with the Corporate Portfolio Holder.

7.4 Refuse Vehicles and Kerbsider

7.4.1 Further to paragraphs 6.3 - 6.5 above, as part of the Fleet Replacement Programme, replacements will need to be made to some of the vehicles in the Waste Services fleet. These have previously been purchased through an ESPO framework (in compliance with CPR 2.2.3), whereby ESPO undertake a mini-competition on behalf of the authority, to ensure that the price per vehicle represents value for money.

7.4.2 Cabinet is asked to delegate award of the subsequent contracts for refuse vehicles and kerbsider to the Director of Services in consultation with the Portfolio Holder.

7.5 Car Park Resurfacing

7.5.1 Further to paragraphs 3.1.5 and 3.1.6, the Council will need to resurface three car parks in the 2014-2015 financial year: South Street car park, Ashby de la Zouch, Hermitage Recreation Ground all-weather pitch car park and the Council Offices extension car park, Coalville (which was not included in the recent resurfacing works).

7.5.2 Where we are purchasing similar goods, works or services, we are under an obligation to aggregate the value so as to ensure, where that value is above the thresholds (for services contracts, the threshold is £172,514), the opportunity is advertised to potential European bidders. The aggregate value of these contract opportunities is £66,000, so below the thresholds which would require the authority to advertise the opportunity in Europe. At this value, it is a Band C contract requiring a request for quotation process be followed, pursuant to CPR 5.14.

7.5.3 To assist officers with scheduling the pre-procurement work and delivery of the resurfacing, Cabinet is requested to grant a waiver to the CPR so the contract opportunities can be disaggregated. Each contract would then be procured in accordance with CPR, according to its own value. This would bring all into Band B (Small) Contracts, requiring three written quotations be sought and opening up the opportunities in the first instance to suitable businesses registered on the Buy Local portal. If Members do not grant the waiver, it is not proposed that Cabinet approval will be sought in relation to award of the aggregated contract, as it is below delegated levels.

7.5.4 Pursuant to CPR 3.2, Cabinet is asked to grant a waiver to CPR 5.14 so that each of the three car park resurfacing programmes can be treated as individual contract opportunities and procured in accordance with the CPR, relating to their particular value. Cabinet is asked to delegate award of the subsequent contracts to the Director of Services in consultation with the Portfolio Holder.

7.6 Material Separating Technology – Linden Way Depot

7.6.1 Further to paragraph 3.1.9, Waste Services currently collect mixed plastic and cans and sell these on to generate income for the authority. A higher price can be obtained for separated material. It is proposed to purchase and install technology which separates the materials automatically.

7.6.2 There are three elements to this project and soft market testing has produced indicative pricing:

- Material Separation Machinery – the separation technology itself. Approximately £160,000.
- Covered storage bay – this would be to protect the equipment and materials from the elements. Approximately £20,000.
- Electrical improvements – the machinery would need an enhanced power supply and improvements to the current supply at Linden Way. Approximately £5,000 – 10,000.

7.6.3 The covered storage bay and the electrical improvements are low value and will be procured in accordance with the CPR as usual. Award of these contracts are within existing delegations to officers.

7.6.4 In relation to the machinery, this would be a Band D (Large) Contract under the CPR, requiring a full tender process to be followed. It is proposed to follow an open procedure (CPR 7.5 – 7.6), aiming for delivery to commence in winter 2014-15. Bidders will be evaluated on the basis of 60:40 Quality: Price split.

7.6.5 Cabinet is asked to delegate award of the subsequent contract for the material separation machinery to the Director of Services in conjunction with the Portfolio Holder.

7.7 Whitwick Business Centre – Central Heating System. (£150,000)

This work will be procured through the Property Services Framework Contract. As the contract value is expected to exceed £100,000 delegated authority is requested to award the contract. Cabinet is requested to delegate awarding this contract to the Chief Executive in consultation with the Corporate Portfolio holder.

DRAFT GENERAL FUND CAPITAL PROGRAMME 2014/15 to 2017/18

| SCHEME | DRAFT GENERAL FUND CAPITAL PROGRAMME 2014/15 to 2017/18 | | | | | | | | | | | APPENDIX A | | |
|---|---|--|------------------|------------------|------------------|------------------|------------------|----------------------|----------------|----------------|----------------------------------|----------------|----------------------|------------|
| | 2013/14 ORIGINAL BUDGET £ | 2013/14 Actual @ Period 6 n/c 12/13 slippage | 2013/14 FORECAST | 2014/15 | 2015/16 | 2016/17 | 2017/18 | GRANTS/ S106 CONTRIB | VFM RESERVES | OTHER RESERVES | FUNDING RESERVES ASSET PROT FUND | REVENUE | LEASING OR BORROWING | SALIX LOAN |
| CHIEF EXEC DIRECTORATE | | | | | | | | | | | | | | |
| Network Upgrade | - | - | - | 100,000 | - | - | - | - | - | - | - | - | 100,000 | - |
| SAN and Virtual server replacement | 142,000 | 115,200 | 146,600 | - | - | - | - | - | - | - | - | - | 146,600 | - |
| User Work Station Replacement | 60,000 | - | 120,000 | - | - | - | - | - | - | - | - | - | 120,000 | - |
| CRM Software | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Improving Customer Experience Project (ICE) | - | - | 187,000 | - | - | - | - | 68,000 | 35,000 | - | 49,000 | - | 35,000 | - |
| Waste management System (ICE) | - | - | 95,000 | - | - | - | - | 95,000 | - | - | - | - | - | - |
| Payroll Software | - | 3,400 | 20,000 | - | - | - | - | 20,000 | - | - | - | - | - | - |
| Replacement backup and disaster recovery solution | - | - | - | 37,000 | - | - | - | - | - | - | - | - | 37,000 | - |
| DIRECTOR OF SERVICES | | | | | | | | | | | | | | |
| Disabled Facilities Grants | 373,300 | 183,200 | 467,871 | 546,300 | 373,300 | 373,300 | 373,300 | 1,124,717 | 262,854 | - | 746,500 | - | - | - |
| Refuse Vehicles and Refuse Kerbsider * | 545,000 | 518,800 | 518,800 | 340,000 | 450,000 | 310,000 | 315,000 | - | - | - | - | 1,933,800 | - | - |
| Box van | - | - | - | - | - | - | 70,000 | - | - | - | - | - | 70,000 | - |
| Sweeper * | - | - | - | 50,000 | - | 120,000 | 80,000 | - | - | - | - | - | 365,500 | - |
| Market Vehicles/Cars | - | - | - | 20,000 | - | 15,000 | - | - | - | - | - | - | 35,000 | - |
| Vans Small * | - | - | - | 35,000 | 12,000 | 40,000 | - | - | - | - | - | - | 87,000 | - |
| Housing Vans | 41,000 | 41,600 | 41,600 | - | - | - | - | - | - | - | - | - | 41,600 | - |
| Vans Medium * | - | - | 15,000 | 15,000 | 40,000 | 30,000 | 105,000 | - | - | - | - | - | 190,000 | - |
| Vans Pickup * | - | - | 100,000 | 100,000 | 65,000 | 50,000 | 50,000 | - | - | - | - | - | 215,000 | - |
| Bin Lifter * | - | - | - | 65,000 | - | 20,000 | - | - | - | - | - | - | 20,000 | - |
| Digger * | - | - | - | 20,000 | - | - | - | - | - | - | - | - | 20,000 | - |
| Chipper machine | - | - | - | - | - | - | - | - | - | - | - | - | 300,000 | - |
| Tractor / Plant | - | - | - | - | 50,000 | 250,000 | - | - | - | - | - | - | 94,800 | - |
| Mowing machines | 52,000 | 44,800 | 44,800 | - | - | 50,000 | - | - | - | - | - | - | 25,000 | - |
| Hood Park Leisure Centre - Pool Changing Rooms | 25,000 | - | 25,000 | - | - | - | - | - | - | - | - | - | 12,000 | - |
| Hood Park Leisure Centre - Studio Air Con | 15,000 | 12,000 | 12,000 | - | - | - | - | - | - | - | - | - | 140,000 | - |
| Hermitage Recreation Ground - Astro turf Replacement | - | - | - | 140,000 | - | - | - | - | - | - | - | - | 23,000 | - |
| Hermitage Leisure Centre - Regrouting Pool | - | - | - | - | - | - | 23,000 | - | - | - | - | - | 12,000 | - |
| Hood Park Leisure Centre - Fire Alarm Upgrade | - | - | - | 12,000 | - | 20,000 | - | - | - | - | - | - | 20,000 | - |
| Hood Park Leisure Centre - Upgrade Outdoor Pool Electrics | - | - | - | - | - | - | - | - | - | - | - | - | 10,000 | - |
| Hood Park Leisure Centre - Replace Outdoor Learner Pool Boiler and Pipework | - | - | - | - | - | 20,000 | 10,000 | - | - | - | - | - | 25,000 | - |
| Hood Park Leisure Centre - Replace Office and Function Room Air Con | - | - | - | - | - | - | 25,000 | - | - | - | - | - | 61,000 | - |
| Fitness Equipment | 62,000 | 59,900 | 61,000 | - | - | - | - | - | - | - | - | - | 15,500 | - |
| Hood Park Leisure Centre - Outdoor Pool Change Roof Replacement | - | - | - | - | 15,500 | - | - | - | - | - | - | - | 30,000 | - |
| Coalville Park - Replace Building | - | - | - | - | 30,000 | - | - | - | - | - | - | - | 49,500 | - |
| Council Offices Access & Main CP, C'ville, Resurfacing. | 49,500 | - | 49,500 | - | - | - | - | - | - | - | - | - | 49,500 | - |
| Council Offices Ext'n CP, C'ville - Resurfacing. | 32,000 | - | - | 32,000 | - | - | - | - | - | - | - | - | 32,000 | - |
| Market Hall CP, C'ville - Resurfacing. | 64,500 | - | - | 64,500 | - | - | - | - | - | - | - | - | 64,500 | - |
| South Street Car Park, Ashby - Resurfacing. | - | - | - | 22,500 | - | - | - | - | - | - | - | - | 22,500 | - |
| Hermitage Rec Grounds AWP Area Access, Whitwick - Resurfacing. | - | - | - | 11,500 | - | - | - | - | - | - | - | - | 11,500 | - |
| North Street Car park, Ashby - Resurfacing | - | - | - | - | 41,500 | - | - | - | - | - | - | - | 41,500 | - |
| Hermitage Leisure centre Car Park Resurface (Section of) | - | - | - | - | 15,000 | - | - | - | - | - | - | - | 15,000 | - |
| Hermitage Recreation Grounds, Whitwick, All Weather Play Area Car Park. | - | - | - | - | - | 2,500 | - | - | - | - | - | - | 2,500 | - |
| Silver Street Car Park, Whitwick - Resurface (original main public car park section). | - | - | - | - | - | 50,000 | 15,000 | - | - | - | - | - | 50,000 | - |
| Hood Park Leisure Centre - Car park | - | - | - | - | - | - | - | - | - | - | - | - | 15,000 | - |
| Lighting Scheme at Leisure centres - SALIX | 36,000 | 31,800 | 31,800 | - | - | - | - | - | - | - | - | - | 31,800 | - |
| Coalville Market Upgrade | 100,000 | - | - | 168,000 | - | - | - | 43,000 | 52,570 | - | - | - | - | - |
| Market Hall Wall | - | - | - | 30,000 | - | - | - | - | - | - | - | - | 30,000 | - |
| Whitwick Business Centre - Central Heating System | - | - | - | 150,000 | - | - | - | - | 150,000 | - | - | - | - | - |
| Caravan Site - Appleby Magna, Fire Risk Scheme | - | - | - | 175,000 | - | - | - | - | - | - | - | - | 175,000 | - |
| Materials Separating Technology - Lunden Way Depot | - | - | - | 190,000 | - | - | - | - | - | 190,000 | - | - | - | - |
| TOTAL GENERAL FUND | 1,779,300 | 1,126,200 | 1,936,471 | 2,293,800 | 1,122,300 | 1,280,800 | 1,066,300 | 1,167,717 | 445,430 | 500,424 | - | 795,500 | 4,790,600 | - |

* Indicates 2015/16 Vehicle Replacement Programme of £617,000

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

APPENDIX A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2014/15 to 2017/18

| SCHEME | 2013/14 ORIGINAL BUDGET £ | 2013/14 Actual @ Period 6 £ | 2013/14 FORECAST nc 12/13 (slippage) £ | 2014/15 £ | 2015/16 £ | 2016/17 £ | 2017/18 £ | GRANTS/ S106 CONTRIB £ | VFM RESERVES £ | FUNDING | | REVENUE £ | LEASING OR BORROWING £ |
|---|---------------------------|-----------------------------|--|----------------|-----------|-----------|-----------|------------------------|----------------|------------------|----------------------------|---------------|------------------------|
| | | | | | | | | | | OTHER RESERVES £ | RESERVES ASSET PROT FUND £ | | |
| COALVILLE SPECIAL EXPENSES | | | | | | | | | | | | | |
| Coalville Park Improvements | | - | 14,000 | | | | | 14,000 | | | | | |
| Meirose Road Play hub | | 28,000 | 30,000 | | | | | | | | 30,000 | | |
| Cropston Drive BMX Track | 32,047 | - | - | 42,047 | | | | 25,000 | | | 7,047 | 10,000 | |
| Broomleys Allotments | | 1,400 | 5,798 | | | | | | | | 5,798 | | |
| Thringstone Miners Social Centre | 5,000 | - | - | 5,000 | | | | | | | 5,000 | | |
| Urban Forest Park - Play Equipment | 31,000 | - | 41,000 | | | | | 41,000 | | | | | |
| Urban Forest Park - Footway and Drainage improvements | - | - | - | 30,000 | | | | 30,000 | | | | | |
| Scotland's Recreation Ground | 80,000 | - | - | 10,000 | | | | | | | 10,000 | | |
| Owen Street Floodlights Upgrade/Extension | 10,000 | 3,100 | 4,000 | | | | | | | | 4,000 | | |
| Owen St - Changing Rooms | 30,000 | - | - | 115,000 | | | | 30,000 | | | 85,000 | | |
| | 188,047 | 32,500 | 94,798 | 202,047 | | | | 140,000 | | | 146,845 | 10,000 | |

| | Notes | 2013/14 Approved Programme | 2013/14 Revised Programme Jan 2014 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|--|----------------------------|---|------------------------|----------------|----------------|----------------|
| 2012-17 DHIP Programme Year 1 programme slippage (including Major Aids & Adaptations completed under DHIP) Year 1 Programme Additional costs HCA Funded Properties (90% of pre 2012 failures) NWLDC Funded Properties (10% + post 2012 failures) Major Aids & Adaptations completed under DHIP | Post 2015/16 as per PIMSS | 8,500,000 1,417,000 | 1,192,450 - 9,026,000 1,376,000 453,000 | 8,560,000 1,426,667 | - 4,500,000 | - 4,500,000 | - 4,500,000 |
| Enabling Works Provision | Works in addition to core DHIP spec which are essential to complete jobs. | 415,000 | 415,000 | 415,000 | 132,000 | 132,000 | 132,000 |
| Enabling Works for Decants | Including decs/soft furnishing and decant allowance | 30,000 | 30,000 | - | - | - | - |
| Asbestos Handling | Disposal of asbestos, following R&D asbestos surveys | 450,000 | 450,000 | 450,000 | 50,000 | 50,000 | 50,000 |
| Year 3 Scoping Surveys | Assumed cost £164 per survey | 225,000 | 267,000 | - | - | - | - |
| Year 4 Scoping Surveys | Assumed cost £164 per survey. Year 1-4 scoping surveys = 4,475 = total stock. | - | - | - | - | - | - |
| 2012-17 HPIP Programme | | | | | | | |
| Fire Risk Assessment Remedial Works | Includes provision for fire risk assessment work, including doors, signage, external openings. | 80,000 | 35,500 | 40,000 | 40,000 | 40,000 | 40,000 |
| Lift Replacement | 6 lift replacements at Sheltered Schemes | 300,000 | - | 300,000 | - | - | - |
| Fire Alarm / Emergency Lighting | Sheltered scheme & communal flats emergency lighting and fire alarm upgrades | 340,000 | 146,000 | 194,000 | - | - | - |
| Communal Boilers | 4 schemes + Woulds/Cherry Tree | 146,000 | 80,000 | - | - | - | - |
| Measham (Rivenway) Staircases | Reinforced concrete communal staircase remedial works | 60,000 | 32,000 | - | - | - | - |
| Defective floor slabs (red ash floors)/Damp proofing (loughborough rd and other identified in year) | Assumption of average of 25 properties p.a. @ £6k each. Loughborough rd - 17 properties, other - 15 properties pa £2.5k each. Budget originally intended for chemical injection, likely that other remedial works will be completed instead within same budget | 422,500 | 300,000 | 310,000 | 187,500 | 187,500 | 187,500 |
| Fuel swaps (solid fuel to gas supply) | Energy company rebate on fuel swaps income = £12k provision estimate | 67,000 | 67,000 | 78,000 | 25,000 | 25,000 | 25,000 |
| In Year Priorities | No current provision held | - | - | - | - | - | - |
| Garage Modernisation | One off £100k provision for demolitions, resurfacing & lighting works | 50,000 | - | 100,000 | - | - | - |
| Carbon Monoxide Detectors | Potential delivery through solid fuel servicing contractor as will not exceed CV by more than 50% | 15,000 | 15,000 | - | - | - | - |
| DH Works in Voids and Tenanted Properties | Additional provision added 13/14 to reflect historic expenditure trends | 1,455,000 | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 |

| | | | | | | | |
|---|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Major Aids & Adaptations | Expenditure on flat floor shower on DHIP needs a virement of additional costs over standard bathroom to be transferred out of this budget where there is not an active A&A referral @ an approx cost of £1200 pp | 380,000 | 140,000 | 380,000 | 350,000 | 350,000 | 350,000 |
| Development Site Preparations | Related to decommissioned sheltered schemes. £20k, provision left in for 12/13 for rebuilding wall at Heather House | 40,000 | 40,000 | 40,000 | - | - | - |
| Insulation Works | Principally external wall works. External grant income anticipated. | 525,000 | - | 660,000 | - | - | - |
| Green & Decent Installations | Pilot costs for 2013/14, recurring budget requirement from 2015/16 for ongoing programme. External grant income anticipated. | 125,000 | - | 125,000 | 250,000 | 250,000 | 250,000 |
| IBS Upgrade (Contract Module) | Provision for repairs data requirements required to support implementation of repairs diagnostics and mobile working. Moved from 2012/13 to 2013/14. | 25,000 | 25,000 | - | - | - | - |
| Dynamic Scheduling | Required for Mobile Working (Dynamic Scheduling) project. | 34,550 | 34,550 | - | - | - | - |
| Speech Module | Replacement of speech module equipment in hard wired older persons accommodation. | - | - | 50,000 | 50,000 | 50,000 | 50,000 |
| Capital Programme Delivery Costs | Includes Decent Homes Improvement Programme contingency | 763,000 | 763,000 | 698,000 | 623,000 | 623,000 | 623,000 |
| Unallocated/Contingency | Contingency prior to 2015/16 incorporated into individual budget lines. For 2015/16 onwards separate provision held to ensure adequate capacity available to meet in years needs as and when identified. | - | - | - | 500,000 | 500,000 | 500,000 |
| Capital Allowances | | | | | | | |
| Programme to be defined | Review of income from asset disposals will determine capacity within this budget. Potential option of funding works within Other Investment category from this source | | | | | | |
| Total Programme Costs | | 15,865,050 | 15,737,500 | 14,676,667 | 7,557,500 | 7,557,500 | 7,557,500 |
| Funding | | | | | | | |
| A&A Grant | | 2,913,000 | 4,008,000 | 1,720,500 | 613,452 | 625,296 | 608,796 |
| Usable balances held @ 31/03/12 | | 174,000 | 143,000 | 203,618 | 228,344 | 200,000 | 200,000 |
| Retained Right to Buy Receipts (RTB) | Based on projections from Spreadsheet agreed on 01/11/2012. Target/estimate to be used one year in arrears. | 250,000 | 250,000 | 490,000 | 3,250,000 | 3,250,000 | 3,250,000 |
| RCCO | Balancing transfer from HRA to be verified through HRA Business Plan Model. | 8,500,000 | 9,026,000 | 8,560,000 | - | - | - |
| Decent Homes Backlog Funding | More detailed work to be undertaken as part of HRA Business Planning and in reference to HRA component depreciation. | 3,991,000 | 3,991,000 | 3,991,000 | 3,991,000 | 3,991,000 | 3,991,000 |
| Major Repairs Allowance | | | | | | | |
| Asset Disposals (Capital Allowance) | Income from sale of HRA (non RTB) assets. Target/estimate to be used one year in arrears. (Includes Broughton Street District Heating building). | 65,000 | 40,000 | 325,000 | 100,000 | 100,000 | 100,000 |
| Total Funding | | 15,893,000 | 17,458,000 | 15,290,118 | 8,182,796 | 8,166,296 | 8,149,796 |
| Cumulative Over / (Under Resource) | | 27,950 | 1,720,500 | 613,452 | 625,296 | 608,796 | 592,296 |

CABINET

11 FEBRUARY 2014

ITEM 7 – CAPITAL PROGRAMME GENERAL FUND – COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A.) PROJECTED OUTTURN 2013/14 AND PROPOSED PROGRAMME 2014/15 TO 2017/18

UPDATE TO SECTION 5 – H.R.A. CAPITAL PROGRAMME 2014/15 – 2017/18 – INDIVIDUAL SCHEMES

Preparations for the delivery of the 2014/15 Decent Homes Improvement Programme have identified two issues which could have an impact on the 2014/15 Capital budget and related reports on this agenda.

1. Cost of Completing 2014/15 Decent Homes Improvement Programme

The Decent Homes Improvement Programme delivery contractors (Kier and Lovell) have produced a price for the completion of the improvements we have specified to the 1561 tenants homes currently contained within the 2014/15 programme. Due to a number of factors, this price exceeds the draft 2014/15 Capital budget allocation by £1.874 million.

The principal reasons for this are -

- Asbestos removal costs are higher than projected due to a higher volume of properties with asbestos that requires treating.
- Inflationary increases have been applied by the contractors in some areas and provisions in specific commodities and trades price increases have been factored in (these prices were fixed for 2012/13 and 2013/14).
- Higher roofing costs due to an increase in the volume of roof replacements and the types of roof requiring work being of a more complex nature.
- A significant increase in the proportion of properties potentially requiring a Flat Floor Showers, which are offered to all Older Persons' designated properties in lieu of a bathroom replacement.

We are currently conducting a Value For Money assessment of the prices received to ensure they reflect current market rates. This will be completed through use of the Homes and Communities Agency benchmarking data for the works costs of all Councils delivering Decent Homes Backlog Funding works.

There are a range of options available to secure the funding required to complete this work, and these need to be evaluated in a considered way before a recommended way forward can be proposed to Members. It is intended that this will be completed and a report addressing the financial and budget implications will be submitted to the next meeting of Cabinet, in March 2014, for consideration and referral on to Council if appropriate.

External advice is currently being sought on the most appropriate way to maintain continuity of workload for the contractors and avoid any potentially unnecessary costs being incurred. Subject to that advice, it is intended to issue an order to the contractors to complete the first 800 properties in the 2014/15 programme (400 to Kier and 400 to Lovell), with the remainder

to be confirmed once the funding sources have been determined. This approach would commit £6.48 million of the draft budget (£10.85 million). The remaining budget would not be committed until the further report had been considered by Members in March.

2. Number of Non Decent Properties

Following Cabinets approval to appoint Savills as our stock condition survey consultants in September 2013, an assessment of the required works to the properties in the 2014/15 programme has been completed. In addition the properties we believed from historic data were already at the Decent Homes standard have also been surveyed making a total of 2100 surveys.

Analysis of the outputs from these surveys has identified that 296 properties from the 800 surveyed do not meet the Decent Homes standard. This was a known risk, as a proportion of the properties considered to be Decent were assessed on the basis of data from surveys of other neighbouring/similar properties. There is no contractual obligation to the Homes and Communities Agency as part of their grant funding agreement for the Council to complete these additional properties next year, and the additional cost of completing the work in 2014/15 has been estimated to be £2.4 million based on the average unit costs submitted by the contractors for the 2014/15 programme.

Cabinet will recall that the decision to commission a survey of these homes was taken to verify that our historic data was accurate, and it was anticipated that additional Non Decent homes may be identified as part of this process. Cabinet will consider the financial implications of these properties being brought up to the Decent Homes Standard at a future meeting.

3. Way Forward

Officers are currently evaluating the various options available regarding the timing and funding for completing improvement work to these tenants homes, and will report back in detail on these matters to the next meeting of Cabinet on 4 March 2014.

If significant changes are required to the Capital Programme approval would be also required from Council on 25 March 2014. It is also possible that Cabinet and Council would need to make amendments to the Treasury Management Strategy Statement 2014/15 and potentially the Housing Revenue Account budget if additional funding is provided from revenue resources.

SUPPLEMENTARY RECOMMENDATION

That Cabinet notes the two issues relating to the available budget for the 2014/15 Decent Homes Improvement Programme, and the recently identified additional number of non decent homes, and agrees to receive a further report detailing the implications for the 2014/15 Capital Programme at the Cabinet meeting on 4 March 2014.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 11 FEBRUARY 2014

| | |
|------------------------------|--|
| Title of report | THE TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15 AND PRUDENTIAL INDICATORS 2014/15 TO 2016/17 |
| Key Decision | a) Financial Yes b) Community Yes |
| Contacts | Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk |
| Purpose of report | This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's prudential indicators for 2014/15 to 2016/17. It fulfils the key requirements of the Local Government Act 2003: <ul style="list-style-type: none"> • The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in Public Services ; • The Annual Investment Strategy in accordance with the CLG Investment Guidance; • The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. • The Policy for the Annual Minimum Revenue Provision. |
| Reason for Decision | These are statutory requirements. |
| Council Priorities | Value for Money |
| Implications: | |
| Financial/Staff | Interest earned on balances and interest paid on external debt, impacts on the resources available to the Authority. |
| Link to relevant CAT | Could impact upon all CAT's. |
| Risk Management | Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA Code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice. |
| Equalities Impact Assessment | Not applicable. |

| | |
|----------------------------------|--|
| Human Rights | Not applicable. |
| Transformational Government | Not applicable. |
| Comments of Head of Paid Service | The report is satisfactory |
| Comments of Section 151 Officer | The report is satisfactory |
| Comments of Monitoring Officer | The report is satisfactory |
| Consultees | None. |
| Background papers | <p>The “Annual Treasury Management Stewardship Report 2008/09 and Re-Adoption of the CIPFA Revised Code of Practice and Treasury Management Policy Statement” – Cabinet 16 June 2009</p> <p>The “Housing Revenue Account (HRA) Business Plan” – Cabinet 13 March 2012</p> <p>http://prod-modgov:9070/mgCommitteeDetails.aspx?ID=126</p> |
| Recommendations | <p>IT IS RECOMMENDED THAT CABINET:</p> <p>1) RE-ADOPT THE CIPFA TREASURY MANAGEMENT IN PUBLIC SERVICES: CODE OF PRACTICE;</p> <p>AND</p> <p>2) RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15, PRUDENTIAL INDICATORS -REVISED 2013/14 AND 2014/15 TO 2016/17, AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT, FOR APPROVAL BY FULL COUNCIL</p> |

1.0 INTRODUCTION

- 1.1 The Chartered Institute of Public Finance and Accountancy’s Treasury Management in Public Services Code of Practice (the “CIPFA TM Code”) and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG’s Investment Guidance.
- 1.2 As per the requirements of the Prudential Code, the Authority adopted the CIPFA Treasury Management Code of Practice at a meeting of the Cabinet on 16 June 2009. The revised CIPFA Treasury Management in The Public Services Code of Practice was published in 2011. The clauses that were adopted in 2009 remain the same under the revised code and are re-submitted for Council approval (Appendix A).

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

1.4 The TMSS and prudential indicators ensure that the Authority complies with statutory, regulatory, and professional (CIPFA) requirements.

The TMSS sets out:

- a. Background information used to determine borrowing and investment requirements (paragraphs 2.2 and 2.3).
- b. Organisational roles and responsibilities (paragraph 1.7).
- 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. General Fund interest payments on existing debt are estimated at £505,694 in 2014/15.
- f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £68,000 in 2014/15 (General Fund - £43k, HRA - £25k).
- g. Treasury Management Prudential Indicators for 2014/15 to 2016/17. These are designed to monitor borrowing limits, debt levels and investment returns.

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

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

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

1.6 The Treasury Management Strategy Statement reviews:

- the economic background and outlook for U.K. interest rates
- implications for treasury activity
- the Authority’s current balance sheet and treasury position
- the Authority’s Borrowing Strategy
- the Authority’s Debt Restructuring Strategy
- the Authority’s Investment Policy and Strategy
- the Authority’s Interest Apportionment Policy
- the Authority’s Prudential Indicators 2013/14 to 2016/17
- the Authority’s Minimum Revenue Position.

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.

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, 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 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.

1.9 Reporting and Monitoring of Treasury Management Activity

The Treasury Management Stewardship Report for 2013/14 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 2014/15.

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

2.0 THE TREASURY MANAGEMENT STRATEGY STATEMENT 2014/15

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

- The Borrowing Strategy 2014/15 (APPENDIX B)
- The Debt Rescheduling Strategy 2014/15 (APPENDIX C)
- The Annual Investment Strategy 2014/15 (APPENDIX D)
- The Apportionment of Interest Strategy 2014/15 (APPENDIX E)
- The Prudential Indicators 2014/15 to 2016/17 (APPENDIX F)
- The Annual Minimum Revenue Provision (APPENDIX G)

2.2 Economic Background.

- The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.4% in the three months to October 2013, but is not forecast to fall below the threshold until 2016, due to the UK's flexible workforce.
- The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.0% in December 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.
- Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.
- In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Federal Reserve did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.
- Credit outlook: The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. This is already manifest in relation to holders of subordinated debt issued by the Co-op which will suffer a haircut on its conversion bail-in to alternative securities and/or equity. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

2.3 Outlook for UK Interest Rates:

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

| March 2014 | June 2014 | Sept. 2014 | Dec. 2014 | March 2015 | June 2015 | Sept. 2015 | Dec. 2015 | March 2016 |
|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |

The Authority's treasury advisor has forecast that the Bank Rate will remain flat until late 2016.

3.0 IMPLICATIONS FOR TREASURY ACTIVITY

- 3.1 The economic outlook, the financial health of sovereign states, major banks and investment counterparties and the regulatory changes that are anticipated, still provide major challenges and risk for treasury activity, particularly investment activity, during financial year 2014/15.

- 3.2 The principles in the proposed suite of treasury policies remain broadly unchanged from previous years - borrowing will be prudent, minimise borrowing costs and maintain the stability of the debt maturity portfolio. Debt rescheduling should achieve interest savings, carry minimal risk and maintain the stability of the debt maturity portfolio. Investments will be prioritised and based upon the principles of security, liquidity and yield.
- 3.3 The Treasury Management Strategy Statement will be monitored throughout the year and, if necessary, amended and brought back to Members for approval.

4.0 THE AUTHORITY'S CURRENT BALANCE SHEET AND TREASURY POSITION

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

| | 31 Mar 14 Estimate £m | 31 Mar 15 Estimate £m | 31 Mar 16 Estimate £m | 31 Mar 17 Estimate £m |
|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| CFR | 91.759 | 91.407 | 90.549 | 89.812 |
| Balances & Reserves | 6.000 | 6.000 | 6.000 | 6.000 |
| Net Balance Sheet Position | 85.759 | 85.407 | 84.549 | 83.812 |

- 4.2 The Authority's level of physical debt and investments is linked to these components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Authority's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Authority's current strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).
- 4.3 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 2014/15.

THE REVISED CIPFA CODE OF PRACTICE FOR TREASURY MANAGEMENT 2011

This Council re-adopts the four key recommendations of the CIPFA Code of Practice for Treasury Management.

1. The Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies and objectives of its treasury management activities
 - Suitable treasury management practices (TMP's) setting out the manner in which the Council will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
2. The Council will receive reports on its treasury management policies, practices and activities including as a minimum, an annual strategy and plan in advance of the year, a midyear review and an annual report after its close, in the form prescribed in the TMP's.
3. The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy, policies and activity.

BORROWING STRATEGY 2014/15

The Authority currently holds loans totalling £87.5m (£79.1m HRA and £9.4m General Fund). This is a decrease of £1m on the previous year (£80.1m HRA and £9.4m General Fund) and is part of the Authority's strategy for funding previous years' capital programme and for the self-financing of the HRA, which was presented to Cabinet on 17th January 2012 in the "Housing Revenue Account (HRA) Business Plan".

The Authority prefers to maintain maximum control and minimise risk over its borrowing activities whilst preserving flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Authority's Prudential Indicators.

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, at this time it is more cost effective to borrow internally or on a short term basis.

By utilising internal or short-term borrowing, the Authority is able to reduce overall treasury risk and net borrowing costs, despite the foregone investment income. This is likely to be beneficial whilst official interest rates remain low however the benefits of this strategy will be monitored to ensure the most effective outcome for the Authority.

In addition, the Authority may borrow short-term loans to cover unexpected cash flow shortages.

The approved sources of long and short term borrowing are:

- Internal borrowing
- Public Works Loans Board
- UK local authorities
- Any institution approved for investments
- Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK.
- Capital market bond investors
- UK public and private sector pension funds (except Leicestershire County Council Pension Fund)
- Special purpose companies created to enable joint local authority bond issues

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

The Authority holds two LOBO (Lender's Option Borrower's Option) loans totalling £7.4m as part of its total borrowing of £87.5m, where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. These LOBO's have options during 2014/15 and although the Authority understands that the lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the opportunity to repay LOBO loans at no cost if it has the opportunity to do so.

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

DEBT RESCHEDULING STRATEGY 2014/15

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

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

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

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

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

ANNUAL INVESTMENT STRATEGY 2014/15

Background

Guidance from CLG on Local Governments in England requires that an Annual Investment Strategy (AIS) be approved by Full Council.

Investment Policy

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Authority's investment priorities are:

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

The Authority will not borrow money in advance of need for the purpose of investing at a higher rate. The speculative practice of borrowing purely in order to invest is unlawful.

Investment Strategy

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the Authority's counterparty criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the EU *Bank Recovery and Resolution Directive* are implemented. In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.

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

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

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

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

INVESTMENT GUIDANCE AND COUNTERPARTY CRITERIA

In accordance with CLG Guidance, investments fall into two categories, Specified and Non-Specified.

Specified Investments: The CLG Guidance defines specified investments as those:

- Denominated in pound sterling
- has a maximum maturity of 1 year
- 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.

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

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

| | Cash limit |
|---|-------------------|
| Any single organisation, except the UK Central Government | £5m each |
| UK Central Government | unlimited |
| Any group of organisations under the same ownership | £5m per group |
| Any group of pooled funds under the same management | £5m per manager |
| Negotiable instruments held in a broker's nominee account | £5m per broker |
| Foreign countries | £5m per country |
| Registered Providers | £5m in total |
| Building Societies | £5m in total |
| Loans to small businesses | £2m in total |
| Money Market Funds | £15m in total |

The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts
- fixed term deposits and loans
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice)
- callable deposits and loans where the borrower may repay before maturity
- certificate of deposit
- bonds, notes, bills, commercial paper and other marketable instruments
- shares in money market funds and other pooled funds

Counterparty Criteria

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

| Counterparty | Cash limit | Time limit † | |
|---|-------------------|---------------------|-----------|
| Banks, other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is: | £5m each | AAA | 10 years* |
| | | AA+ | 5 years* |
| | | AA | 4 years* |
| | | AA- | 3 years* |
| | | A+ | 2 years |
| | | A | 1 year |
| | | A- | |
| UK Central Government (irrespective of credit rating) | unlimited | 50 years** | |
| UK Local Authorities (irrespective of credit rating) | £5m each | 50 years** | |
| UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher | £3m each | 10 years** | |
| UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings | £2m each | 5 years | |
| UK Building Societies without credit ratings | £1m each | 1 year | |
| Money market funds and other pooled funds | £5m each | n/a | |
| Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser | £3m each | 3 months | |
| | £1m each | 1 year | |
| | £100k each | 5 years | |

† the time limit is doubled for investments that are secured on the borrower's assets

* but no longer than 2 years in fixed-term deposits and other illiquid instruments

** but no longer than 5 years in fixed-term deposits and other illiquid instruments

Current Account Bank: Following a competitive tender exercise held in 2013, the Authority's current account is held with Co-operative Bank Plc which is currently rated below the minimum A- rating. The Authority does not hold investments with this bank and manages the risk by maintaining an overnight balance that is estimated to be close to zero.

Registered Providers: Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

Building Societies: The Authority takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Authority's deposits would be paid out in preference to retail depositors. The Authority will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

Money Market Funds: These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Other Pooled Funds: If the Authority has substantial cash balances available for investment over the medium term, it will consider using pooled bond, equity and property funds that offer enhanced returns over the longer term, but are potentially more volatile in the shorter 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.

Other Organisations: The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

Risk Assessment and Credit Ratings: The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. 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
- 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 an 'A-' rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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

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

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

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Portfolio Holder for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.

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

APPORTIONMENT OF INTEREST STRATEGY 2014/15

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

Accordingly, 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. For 2014/15, the budgeted investment income is £68,000 and is apportioned as follows: £43,000 General Fund and £25,000 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year.

PRUDENTIAL INDICATORS

1 Background

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

2. 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.

The Section 151 Officer reports that the Authority has had no difficulty meeting this requirement in 2012/13, nor is there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

| Capital Expenditure | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|----------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Non-HRA | 1.779 | 2.031 | 2.496 | 1.122 | 1.281 |
| HRA | 15.865 | 15.738 | 14.677 | 7.558 | 7.558 |
| Total | 17.644 | 17.769 | 17.173 | 8.680 | 8.839 |

Capital expenditure will be financed or funded as follows:

| Capital Financing | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Capital receipts | 0.239 | 0.183 | 0.529 | 0.328 | 0.300 |
| Government Grants | 8.873 | 9.255 | 8.784 | 0.224 | 0.224 |
| Major Repairs Allowance | 0.000 | 3.991 | 3.991 | 3.991 | 3.991 |
| Reserves | 3.048 | 2.635 | 1.852 | 0.000 | 0.017 |
| Other Contribution-s106 | 0.000 | 0.055 | 0.115 | 0.000 | 0.000 |
| Grants - Other | 0.000 | 0.000 | 0.013 | 0.000 | 0.000 |
| Revenue contributions | 4.213 | 0.448 | 0.649 | 3.388 | 3.399 |
| Total Financing | 16.373 | 16.567 | 15.933 | 7.931 | 7.931 |
| Supported borrowing | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Unsupported borrowing | 1.271 | 1.202 | 1.240 | 0.749 | 0.908 |
| Total Funding | 1.271 | 1.202 | 1.240 | 0.749 | 0.908 |
| Total Financing and Funding | 17.644 | 17.769 | 17.173 | 8.680 | 8.839 |

4. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income.

| Ratio of Financing Costs to Net Revenue Stream | 2013/14 Approved % | 2013/14 Revised % | 2014/15 Estimate % | 2015/16 Estimate % | 2016/17 Estimate % |
|---|-----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-HRA | 10.22 | 10.08 | 10.14 | 9.83 | 10.18 |
| HRA | 14.68 | 15.87 | 14.91 | 14.78 | 14.65 |
| Total (Average) | 12.95 | 13.59 | 13.31 | 13.21 | 13.25 |

5. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

| Capital Financing Requirement | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|--|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Non-HRA | 13.619 | 13.591 | 14.248 | 14.421 | 14.740 |
| HRA | 79.155 | 78.168 | 77.159 | 76.128 | 75.072 |
| Total CFR | 92.774 | 91.759 | 91.407 | 90.549 | 89.812 |

6. Actual External Debt

This indicator is obtained directly from the Authority's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

| Actual External Debt as at 31/03/2013 | £m |
|--|---------------|
| Borrowing | 88.510 |
| Other Long-term Liabilities | 0.055 |
| Total | 88.565 |

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 calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

| Incremental Impact of Capital Investment Decisions | 2013/14 Approved £ | 2013/14 Revised £ | 2014/15 Estimate £ | 2015/16 Estimate £ | 2016/17 Estimate £ |
|---|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Increase in Band D Council Tax | 2.55 | 2.59 | 2.99 | 2.32 | 2.63 |
| Increase in Average Weekly Housing Rents | 3.76 | 3.76 | 4.30 | 3.40 * | 3.29 * |

*The Government is proposing to change the basis of the calculation of rents from 2015/16 and has recently consulted on this but the outcome is as yet undetermined. The estimates for 2015/16 and 2016/17 are based on one of four potential options and are therefore subject to change, when a new method has been agreed.

8. Authorised Limit and Operational Boundary for External Debt

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

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

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

| Authorised Limit for External Debt | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|---|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 97.100 | 97.100 | 99.914 | 97.579 | 97.025 |
| Other Long-term Liabilities | 1.000 | 1.000 | 0.700 | 0.700 | 0.700 |
| Total | 98.100 | 98.100 | 100.614 | 98.279 | 97.725 |

The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

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

| Operational Boundary for External Debt | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|---|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 95.100 | 95.100 | 97.914 | 95.579 | 95.025 |
| Other Long-term Liabilities | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Total | 95.600 | 95.600 | 98.414 | 96.079 | 95.525 |

9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority has adopted the principles of best practice.

| Adoption of the CIPFA Code of Practice in Treasury Management |
|--|
| The Authority has re-affirmed adoption of the CIPFA Treasury Management Code within this strategy, 11 February 2014. |

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

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

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

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

| | Existing (Benchmark) level 31/03/13 % | 2013/14 Approved % | 2013/14 Revised % | 2014/15 Estimate % | 2015/16 Estimate % | 2016/17 Estimate % |
|--|--|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Upper Limit for Fixed Interest Rate Exposure | 100 | 100 | 100 | 100 | 100 | 100 |
| Upper Limit for Variable Interest Rate Exposure | 50 | 50 | 50 | 50 | 50 | 50 |

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

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

11. Maturity Structure of Fixed Rate borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

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

| Maturity structure of fixed rate borrowing | Lower Limit for 2014/15 % | Upper Limit for 2014/15 % |
|---|----------------------------------|----------------------------------|
| under 12 months | 0 | 20 |
| 12 months and within 24 months | 0 | 20 |
| 24 months and within 5 years | 0 | 20 |
| 5 years and within 10 years | 0 | 50 |
| 10 years and within 20 years | 0 | 50 |
| 20 years and within 30 years | 0 | 60 |
| 30 years and within 40 years | 0 | 50 |
| 40 years and within 50 years | 0 | 50 |
| 50 years and above | 0 | 0 |

12. Upper Limit for total principal sums invested over 364 days

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

| | 2013/14 Approved £m | 2013/14 Revised £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|--------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Upper Limit | 5 | 5 | 5 | 5 | 5 |

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.

In February 2008 the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Statutory Instrument 2008/414] were approved by Parliament and became effective on 31 March 2008. These regulations replaced the formula based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new regulations required a local authority to determine each financial year an amount of MRP which it considers to be prudent. Linked to this new regulation, the Department of Communities and Local Government (CLG) produced Statutory Guidance which local authorities are required to follow, setting out what constitutes a prudent provision.

The CLG Guidance recommends that before the start of the financial year, a statement of MRP policy for the forthcoming financial year is approved by the Full Council. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits. In the case of borrowing supported by Revenue Support Grant, the aim is that MRP is charged over a period reasonably commensurate with the period implicit in the determination of that grant. MRP is not required to be charged to the Housing Revenue Account. Where a local authority's overall CFR is £nil or a negative amount there is no requirement to charge MRP.

The move to International Financial Reporting Standards (IFRS) means that Private Finance Initiative (PFI) schemes and Operating Leases may be brought on Balance Sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing. CLG has therefore proposed amending the Capital Finance Regulations to ensure that the impact on the Revenue account is neutral, with MRP for these items matching the principal repayment embedded within the PFI or lease agreement.

In the case of the Housing Revenue Account (HRA) and following the implementation of the new self-financing arrangements from April 2012, 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 2014/15, the MRP for HRA is determined by the amounts of principal repaid on the loans that were taken out on an annuity basis.

MRP Options:

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

Option 1 – Regulatory Method.

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 2014/15:

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

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

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TABLE 1

COUNCIL TAX BASE 2014/2015

| PARISH / SPECIAL EXPENSE AREA | COUNCIL TAX BASE |
|--------------------------------------|-------------------------|
| APPLEBY MAGNA | 420 |
| ASHBY DE LA ZOUCH | 4,621 |
| ASHBY WOULD'S | 1,068 |
| BARDON | 12 |
| BELTON | 289 |
| BREEDON-ON-THE-HILL | 388 |
| CASTLE DONINGTON | 2,185 |
| CHARLEY | 77 |
| CHILCOTE | 56 |
| COALVILLE | 5,640 |
| COLEORTON | 518 |
| ELLISTOWN & BATTLEFLAT | 761 |
| HEATHER | 308 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,236 |
| IBSTOCK | 1,786 |
| ISLEY WALTON -CUM-LANGLEY | 27 |
| KEGWORTH | 1,125 |
| LOCKINGTON CUM HEMINGTON | 238 |
| LONG WHATTON & DISEWORTH | 728 |
| MEASHAM | 1,460 |
| NORMANTON-LE-HEATH | 62 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 763 |
| OSGATHORPE | 179 |
| PACKINGTON | 348 |
| RAVENSTONE WITH SNIBSTON | 742 |
| SNARESTONE | 123 |
| STAUNTON HAROLD | 61 |
| STRETTON-EN-LE-FIELD | 19 |
| SWANNINGTON | 430 |
| SWEPSTONE | 252 |
| WHITWICK | 2,620 |
| WORTHINGTON | 532 |
| TOTAL | 29,074 |

TABLE 2

COUNCIL TAX 2014/2015 - DISTRICT EXPENSES & SPECIAL ITEMS

BAND 'D' EQUIVALENTS

| PARISH | DISTRICT EXP'S | PARISH EXP'S | SPECIAL EXP'S | TOTAL BAND D PROPERTY |
|------------------------------------|-------------------|-----------------|------------------|-----------------------------|
| | £ p | £ p | £ p | £ p |
| APPLEBY MAGNA | 158.58 | 32.29 | 3.50 | 194.37 |
| ASHBY DE LA ZOUCH | 158.58 | 70.96 | 0.00 | 229.54 |
| ASHBY WOULD'S | 158.58 | 76.48 | 0.00 | 235.06 |
| BARDON | 158.58 | 0.00 | 0.00 | 158.58 |
| BELTON | 158.58 | 45.72 | 0.00 | 204.30 |
| BREEDON-ON-THE-HILL | 158.58 | 36.08 | 0.00 | 194.66 |
| CASTLE DONINGTON | 158.58 | 111.48 | 0.00 | 270.06 |
| CHARLEY | 158.58 | 49.58 | 0.00 | 208.16 |
| CHILCOTE | 158.58 | 0.00 | 0.00 | 158.58 |
| COALVILLE | 158.58 | 0.00 | 63.53 | 222.11 |
| COLEORTON | 158.58 | 26.67 | 5.31 | 190.56 |
| ELLISTOWN & BATTLEFLAT | 158.58 | 76.52 | 0.00 | 235.10 |
| HEATHER | 158.58 | 33.91 | 0.00 | 192.49 |
| HUGGLESCOTE & DONINGTON LE HEATH | 158.58 | 19.73 | 49.29 | 227.60 |
| IBSTOCK | 158.58 | 73.00 | 0.00 | 231.58 |
| ISLEY WALTON -CUM-LANGLEY | 158.58 | 13.63 | 0.00 | 172.21 |
| KEGWORTH | 158.58 | 81.85 | 0.32 | 240.75 |
| LOCKINGTON CUM HEMINGTON | 158.58 | 29.01 | 7.10 | 194.69 |
| LONG WHATTON & DISEWORTH | 158.58 | 48.08 | 0.00 | 206.66 |
| MEASHAM | 158.58 | 64.77 | 1.08 | 224.43 |
| NORMANTON-LE-HEATH | 158.58 | 0.00 | 0.00 | 158.58 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 158.58 | 53.72 | 4.22 | 216.52 |
| OSGATHORPE | 158.58 | 21.19 | 1.78 | 181.55 |
| PACKINGTON | 158.58 | 54.60 | 0.00 | 213.18 |
| RAVENSTONE WITH SNIBSTON | 158.58 | 65.62 | 0.41 | 224.61 |
| SNARESTONE | 158.58 | 50.21 | 0.00 | 208.79 |
| STAUNTON HAROLD | 158.58 | 1.64 | 0.00 | 160.22 |
| STRETTON-EN-LE-FIELD | 158.58 | 0.00 | 57.05 | 215.63 |
| SWANNINGTON | 158.58 | 36.93 | 0.00 | 195.51 |
| SWEPSTONE | 158.58 | 21.31 | 0.00 | 179.89 |
| WHITWICK | 158.58 | 11.09 | 58.04 | 227.71 |
| WORTHINGTON | 158.58 | 16.92 | 0.00 | 175.50 |

TABLE 3

COUNCIL TAX 2014/2015 (DISTRICT AND SPECIAL ITEMS) BY AREA AND VALUATION BAND

| PARISH | 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 | 129.58 | 151.17 | 172.77 | 194.37 | 237.57 | 280.76 | 323.95 | 388.74 |
| ASHBY DE LA ZOUCH | 153.03 | 178.53 | 204.04 | 229.54 | 280.55 | 331.56 | 382.57 | 459.08 |
| ASHBY WOULD'S | 156.71 | 182.82 | 208.94 | 235.06 | 287.30 | 339.53 | 391.77 | 470.12 |
| BARDON | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| BELTON | 136.20 | 158.90 | 181.60 | 204.30 | 249.70 | 295.10 | 340.50 | 408.60 |
| BREEDON-ON-THE-HILL | 129.77 | 151.40 | 173.03 | 194.66 | 237.92 | 281.18 | 324.43 | 389.32 |
| CASTLE DONINGTON | 180.04 | 210.05 | 240.05 | 270.06 | 330.07 | 390.09 | 450.10 | 540.12 |
| CHARLEY | 138.77 | 161.90 | 185.03 | 208.16 | 254.42 | 300.68 | 346.93 | 416.32 |
| CHILCOTE | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| COALVILLE | 148.07 | 172.75 | 197.43 | 222.11 | 271.47 | 320.83 | 370.18 | 444.22 |
| COLEORTON | 127.04 | 148.21 | 169.39 | 190.56 | 232.91 | 275.25 | 317.60 | 381.12 |
| ELLISTOWN & BATTLEFLAT | 156.73 | 182.86 | 208.98 | 235.10 | 287.34 | 339.59 | 391.83 | 470.20 |
| HEATHER | 128.33 | 149.71 | 171.10 | 192.49 | 235.27 | 278.04 | 320.82 | 384.98 |
| HUGGLESCOTE & DONINGTON LE HEATH | 151.73 | 177.03 | 202.31 | 227.60 | 278.17 | 328.76 | 379.33 | 455.20 |
| IBSTOCK | 154.39 | 180.12 | 205.85 | 231.58 | 283.04 | 334.50 | 385.97 | 463.16 |
| ISLEY WALTON -CUM-LANGLEY | 114.81 | 133.94 | 153.08 | 172.21 | 210.48 | 248.75 | 287.02 | 344.42 |
| KEGWORTH | 160.50 | 187.25 | 214.00 | 240.75 | 294.25 | 347.75 | 401.25 | 481.50 |
| LOCKINGTON CUM HEMINGTON | 129.79 | 151.42 | 173.06 | 194.69 | 237.96 | 281.22 | 324.48 | 389.38 |
| LONG WHATTON & DISEWORTH | 137.77 | 160.74 | 183.70 | 206.66 | 252.58 | 298.51 | 344.43 | 413.32 |
| MEASHAM | 149.62 | 174.56 | 199.49 | 224.43 | 274.30 | 324.18 | 374.05 | 448.86 |
| NORMANTON-LE-HEATH | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 144.34 | 168.40 | 192.46 | 216.52 | 264.64 | 312.76 | 360.86 | 433.04 |
| OSGATHORPE | 121.04 | 141.20 | 161.38 | 181.55 | 221.90 | 262.24 | 302.59 | 363.10 |
| PACKINGTON | 142.12 | 165.81 | 189.49 | 213.18 | 260.55 | 307.93 | 355.30 | 426.36 |
| RAVENSTONE WITH SNIBSTON | 149.74 | 174.70 | 199.65 | 224.61 | 274.52 | 324.43 | 374.35 | 449.22 |
| SNARESTONE | 139.19 | 162.39 | 185.59 | 208.79 | 255.19 | 301.59 | 347.98 | 417.58 |
| STAUNTON HAROLD | 106.81 | 124.62 | 142.42 | 160.22 | 195.82 | 231.43 | 267.03 | 320.44 |
| STRETTON-EN-LE-FIELD | 143.75 | 167.71 | 191.67 | 215.63 | 263.55 | 311.47 | 359.38 | 431.26 |
| SWANNINGTON | 130.34 | 152.06 | 173.79 | 195.51 | 238.96 | 282.40 | 325.85 | 391.02 |
| SWEPSTONE | 119.93 | 139.91 | 159.90 | 179.89 | 219.87 | 259.84 | 299.82 | 359.78 |
| WHITWICK | 151.80 | 177.11 | 202.41 | 227.71 | 278.31 | 328.92 | 379.51 | 455.42 |
| WORTHINGTON | 117.00 | 136.50 | 156.00 | 175.50 | 214.50 | 253.50 | 292.50 | 351.00 |

TABLE 4

| AUTHORITY | A | B | C | D | E | F | G | H |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Leicestershire County Council | 708.67 | 826.78 | 944.89 | 1063.00 | 1299.22 | 1535.44 | 1771.66 | 2126.00 |
| Leicestershire Police Authority | 117.66 | 137.26 | 156.87 | 176.48 | 215.70 | 254.92 | 294.14 | 352.96 |
| Combined Fire Authority | 39.50 | 46.08 | 52.67 | 59.25 | 72.42 | 85.59 | 98.75 | 118.50 |

TABLE 5

COUNCIL TAX 2014/2015 BY AREA AND VALUATION BAND

| | 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 | 995.41 | 1,161.29 | 1,327.20 | 1,493.10 | 1,824.91 | 2,156.71 | 2,488.50 | 2,986.20 |
| ASHBY DE LA ZOUCH | 1,018.86 | 1,188.65 | 1,358.47 | 1,528.27 | 1,867.89 | 2,207.51 | 2,547.12 | 3,056.54 |
| ASHBY WOULD'S | 1,022.54 | 1,192.94 | 1,363.37 | 1,533.79 | 1,874.64 | 2,215.48 | 2,556.32 | 3,067.58 |
| BARDON | 971.55 | 1,133.46 | 1,295.39 | 1,457.31 | 1,781.16 | 2,105.01 | 2,428.85 | 2,914.62 |
| BELTON | 1,002.03 | 1,169.02 | 1,336.03 | 1,503.03 | 1,837.04 | 2,171.05 | 2,505.05 | 3,006.06 |
| BREEDON-ON-THE-HILL | 995.60 | 1,161.52 | 1,327.46 | 1,493.39 | 1,825.26 | 2,157.13 | 2,488.98 | 2,986.78 |
| CASTLE DONINGTON | 1,045.87 | 1,220.17 | 1,394.48 | 1,568.79 | 1,917.41 | 2,266.04 | 2,614.65 | 3,137.58 |
| CHARLEY | 1,004.60 | 1,172.02 | 1,339.46 | 1,506.89 | 1,841.76 | 2,176.63 | 2,511.48 | 3,013.78 |
| CHILCOTE | 971.55 | 1,133.46 | 1,295.39 | 1,457.31 | 1,781.16 | 2,105.01 | 2,428.85 | 2,914.62 |
| COALVILLE | 1,013.90 | 1,182.87 | 1,351.86 | 1,520.84 | 1,858.81 | 2,196.78 | 2,534.73 | 3,041.68 |
| COLEORTON | 992.87 | 1,158.33 | 1,323.82 | 1,489.29 | 1,820.25 | 2,151.20 | 2,482.15 | 2,978.58 |
| ELLISTOWN & BATTLEFLAT | 1,022.56 | 1,192.98 | 1,363.41 | 1,533.83 | 1,874.68 | 2,215.54 | 2,556.38 | 3,067.66 |
| HEATHER | 994.16 | 1,159.83 | 1,325.53 | 1,491.22 | 1,822.61 | 2,153.99 | 2,485.37 | 2,982.44 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,017.56 | 1,187.15 | 1,356.74 | 1,526.33 | 1,865.51 | 2,204.71 | 2,543.88 | 3,052.66 |
| IBSTOCK | 1,020.22 | 1,190.24 | 1,360.28 | 1,530.31 | 1,870.38 | 2,210.45 | 2,550.52 | 3,060.62 |
| ISLEY WALTON -CUM-LANGLEY | 980.64 | 1,144.06 | 1,307.51 | 1,470.94 | 1,797.82 | 2,124.70 | 2,451.57 | 2,941.88 |
| KEGWORTH | 1,026.33 | 1,197.37 | 1,368.43 | 1,539.48 | 1,881.59 | 2,223.70 | 2,565.80 | 3,078.96 |
| LOCKINGTON CUM HEMINGTON | 995.62 | 1,161.54 | 1,327.49 | 1,493.42 | 1,825.30 | 2,157.17 | 2,489.03 | 2,986.84 |
| LONG WHATTON & DISEWORTH | 1,003.60 | 1,170.86 | 1,338.13 | 1,505.39 | 1,839.92 | 2,174.46 | 2,508.98 | 3,010.78 |
| MEASHAM | 1,015.45 | 1,184.68 | 1,353.92 | 1,523.16 | 1,861.64 | 2,200.13 | 2,538.60 | 3,046.32 |
| NORMANTON-LE-HEATH | 971.55 | 1,133.46 | 1,295.39 | 1,457.31 | 1,781.16 | 2,105.01 | 2,428.85 | 2,914.62 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 1,010.17 | 1,178.52 | 1,346.89 | 1,515.25 | 1,851.98 | 2,188.71 | 2,525.41 | 3,030.50 |
| OSGATHORPE | 986.87 | 1,151.32 | 1,315.81 | 1,480.28 | 1,809.24 | 2,138.19 | 2,467.14 | 2,960.56 |
| PACKINGTON | 1,007.95 | 1,175.93 | 1,343.92 | 1,511.91 | 1,847.89 | 2,183.88 | 2,519.85 | 3,023.82 |
| RAVENSTONE WITH SNIBSTON | 1,015.57 | 1,184.82 | 1,354.08 | 1,523.34 | 1,861.86 | 2,200.38 | 2,538.90 | 3,046.68 |
| SNARESTONE | 1,005.02 | 1,172.51 | 1,340.02 | 1,507.52 | 1,842.53 | 2,177.54 | 2,512.53 | 3,015.04 |
| STAUNTON HAROLD | 972.64 | 1,134.74 | 1,296.85 | 1,458.95 | 1,783.16 | 2,107.38 | 2,431.58 | 2,917.90 |
| STRETTON-EN-LE-FIELD | 1,009.58 | 1,177.83 | 1,346.10 | 1,514.36 | 1,850.89 | 2,187.42 | 2,523.93 | 3,028.72 |
| SWANNINGTON | 996.17 | 1,162.18 | 1,328.22 | 1,494.24 | 1,826.30 | 2,158.35 | 2,490.40 | 2,988.48 |
| SWEPSTONE | 985.76 | 1,150.03 | 1,314.33 | 1,478.62 | 1,807.21 | 2,135.79 | 2,464.37 | 2,957.24 |
| WHITWICK | 1,017.63 | 1,187.23 | 1,356.84 | 1,526.44 | 1,865.65 | 2,204.87 | 2,544.06 | 3,052.88 |
| WORTHINGTON | 982.83 | 1,146.62 | 1,310.43 | 1,474.23 | 1,801.84 | 2,129.45 | 2,457.05 | 2,948.46 |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 25 FEBRUARY 2014

| | |
|----------------------------------|--|
| Title of report | LOCAL PLAN ADVISORY COMMITTEE |
| Contacts | <p>Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Legal and Democratic Services 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk</p> |
| Council Priorities | All |
| Implications: | |
| Financial/Staff | Undertaking the work necessary to support an Advisory Committee would be contained within the Council's existing resources. |
| Link to relevant CAT | No direct implications |
| Risk Management | No direct implications |
| Equalities Impact Assessment | No direct implications |
| Human Rights | No direct implications |
| Transformational Government | Not applicable. |
| Comments of Head of Paid Service | The report is satisfactory |
| Comments of Section 151 Officer | The report is satisfactory |
| Comments of Monitoring Officer | The report is satisfactory |
| Consultees | Council at its meeting on 29 October 2013. |
| Background papers | Report and minutes of the Council meeting held on 29 October 2013 relating to the Core Strategy |
| Recommendations | <p>THAT COUNCIL BE RECOMMENDED TO</p> <p>(1) ESTABLISH A CROSS PARTY ADVISORY COMMITTEE TO WORK WITH PLANNING OFFICERS ON THE LOCAL</p> |

| | |
|--|--|
| | <p>PLAN AND AGREE THE TERMS OF REFERENCE, AS SET OUT IN APPENDIX A TO THIS REPORT.</p> <p>(2) APPOINT THE MEMBERSHIP OF THE ADVISORY COMMITTEE FOR THE REMAINDER OF THIS CIVIC YEAR. (see para 2.6)</p> <p>(3) DELEGATE AUTHORITY TO THE MONITORING OFFICER TO MAKE ANY CONSEQUENTIAL CHANGES TO THE CONSTITUTION, AS SET OUT IN APPENDIX B TO THIS REPORT.</p> |
|--|--|

1. BACKGROUND

- 1.1 At the meeting of Council on 29 October 2013, consideration was given to a report on the Local Plan.
- 1.2 It was agreed at that meeting that the Local Plan should be resubmitted and that a report to agree the governance arrangements would be submitted to the next meeting of Council.
- 1.3 In order to manage the process of preparing a revised Local Plan for submission, it was suggested that consideration be given to the establishment of an Advisory Committee as this would provide a useful forum for wider discussion amongst members.

2. PROPOSED GOVERNANCE ARRANGEMENTS

- 2.1 A sub-committee of Council would be subject to proportionality rules and, as such, the calculations show that a membership of seven Members would result in four members from the ruling group and three members from the opposition group. Membership could be extended in a non-voting capacity to further members at the discretion of the Chair of the Advisory Committee. This would ensure that those Members who do not belong to a political group would not be excluded. This may also be relevant when considering site specific issues.
- 2.2 The Local Plan Advisory Committee would report its views and/or recommendations as part of any subsequent report on the Local Plan to Council.
- 2.3 The meetings would be arranged and serviced by Democratic Services who would provide full agendas and formal minutes of all meetings, with all documents being made available on the Council's website in the same way as for all other constituted meetings.
- 2.4 Council is therefore being asked to agree to the establishment of a Local Plan Advisory Committee and to seek nominations for the seats thereon.
- 2.5 Should Council be minded to agree to the establishment of this Committee, a provisional date for the first meeting has been set for Tuesday 18 March 2014 and Members are asked to note this date in their diary.
- 2.6 Nominations have been sought and the following names have been received from the Conservative group:

Councillors C Large, J Bridges, V Richichi and R Bayliss. Nominations for their two substitutes are Councillors A Smith and A Bridges.

The Labour group has advised that their nominations will be made at the meeting.

LOCAL PLAN ADVISORY COMMITTEE TERMS OF REFERENCE

Purpose of the Local Plan Advisory Committee

To enable cross-party discussion, guidance and support for the development of the North West Leicestershire Local Plan.

Role of the Local Plan Advisory Committee

- To consider and comment on documents that relate to the North West Leicestershire Local Plan including (but not restricted to) policy options, draft policies and evidence prepared to support the Plan.
- To make recommendations as required to Council in respect of the North West Leicestershire Local Plan.
- To monitor progress on the preparation of the North West Leicestershire Local Plan.
- To provide updates to other Members who do not sit on the Local Plan Advisory Committee.
- To consider and comment on responses to plans being prepared by other local planning authorities as part of the Duty to Cooperate.

Membership of the Local Plan Advisory Committee

- The Advisory Committee comprises four Members of the ruling group and three Members from the opposition group.
- The Council's Substitution Scheme will apply.
- The Advisory Committee will select a Chair at its first meeting of each civic year.
- Other members may be invited to attend and participate in meetings of the Advisory Committee in a non-voting capacity at the discretion of the Chair.
- The Advisory Committee meetings must have at least 3 members to be quorate.

Operation of the Local Plan Advisory Committee

- Council Procedure Rule 4 will apply to the Local Plan Advisory Committee
- The Advisory Committee will meet at least once every two months, but will meet more frequently where necessary to enable continued progress on the North West Leicestershire Local Plan.
- The Advisory Committee will have no direct decision-making powers but will consider documents and information relating to the Local Plan and make recommendations to Council. Any such report will include specific comments and issues raised by the minority group.
- The Advisory Committee will be supported by the Director of Service and officers in the Planning Policy Team.
- Meetings will be organised, administered and minuted by Democratic Services with agendas and minutes being made available on the Council's website.
- The Portfolio Holder may attend as an observer¹⁰³

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL CONSTITUTION

| Functions | Matters Reserved for a Decision |
|---|---------------------------------|
| To make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972. | |
| As to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable. | |

9. APPOINTMENTS COMMITTEE

Membership: Four councillors (Must include one member of Cabinet)
Appropriate Portfolio Holder

Quorum: Three councillors

| Functions | Matters Reserved for a Decision |
|--|--|
| To interview shortlisted candidates for Head of Paid Service, Chief Officer and Deputy Chief Officer posts. | To determine any matters referred to it. |
| Recommend to Full Council the appointment of the Head of Paid Service. | |
| Recommend to the Chief Executive (as Head of Paid Service) all permanent appointments to Chief Officer and Deputy Chief Officer posts. | |
| Undertake an annual appraisal of the performance of the Chief Executive. | |

10. LOCAL PLAN ADVISORY COMMITTEE

Membership: Seven councillors

Quorum: Three councillors

The Local Plan Advisory Committee shall provide advice to Council in relation to the preparation of and revision of the Local Plan for North West

Leicestershire. The Advisory Committee will provide a forum for cross-party discussion amongst members in relation to the development, form and content of the Local Plan. The Advisory Committee shall report its views and/or recommendations to Council as part of Council's setting of the Local Plan.

SECTION 6 - ADVISORY BODIES AND WORKING PARTIES

The Council, the Cabinet and the Policy Development Group may from time to time establish working parties or advisory bodies which include in their membership councillors and/or officers and/or representatives from partner organisations or the local community. These are not constituted as boards or committees and are not authorised to make decisions on behalf of the Council. A list of such bodies is maintained by the Head of Legal and Support Services.

SECTION 7 - SCHEME OF DELEGATION TO STAFF - COUNCIL AND EXECUTIVE FUNCTIONS

1. SCOPE OF THE SCHEME

This scheme sets out the extent to which the powers and duties of the Authority are delegated to officers.

2. EXERCISE OF DELEGATED POWERS

- (i) Functions, tasks and responsibilities listed in this scheme of delegation may be exercised by the nominated officer(s) and includes anything which facilitates, or is conducive or incidental to, the discharge of these functions, tasks, or responsibilities.
- (ii) Where an officer has been given delegated authority by this scheme he or she may authorise any member of his or her staff to act on his or her behalf except the signatories to financial documents (paragraph 10 post) on matters relating to the Council's banking.
- (iii) An officer may always refer a delegated matter to the Cabinet or the Council or to one of its Boards or Committees for consultation or decision rather than take the decision him/herself.
- (iv) When exercising delegated powers officers must always have regard to the financial, legal and human resource implications of the decision. When necessary, advice should be taken.
- (v) Before taking a decision under delegated powers, an officer shall notify the relevant portfolio holder of any action which is likely to be contentious or politically sensitive.
- (vi) The Chief Executive and Director of Services shall keep portfolio holders informed of the work of their service area.
- (vii) When exercising delegated powers officers shall consult with staff in another service area if the decision is likely to impact on the work of that service area.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 25 FEBRUARY 2014

| | |
|----------------------------------|---|
| Title of report | NOTIFICATION OF AN URGENT DECISION – BUSINESS RATES POOL |
| Contacts | <p>Councillor R Blunt 01530 454502 richard.blunt@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p> |
| Purpose of report | In accordance with the Council's Constitution, to report formally that the Chief Executive has taken a decision, which she 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 | Financial implications are detailed in the Report |
| Link to relevant CAT | None |
| Risk Management | To avoid future risks of liability in relation to potential shortfalls in the Business Rate Pool an urgent decision was taken by the Chief Executive. The risks associated with the decision are detailed within the report |
| Equalities Impact Assessment | Not applicable |
| Human Rights | Not applicable |
| Transformational Government | Not applicable |
| Comments of Head of Paid Service | The report is satisfactory |

| | |
|---------------------------------|---|
| Comments of Section 151 Officer | The report is satisfactory |
| Comments of Monitoring Officer | The report is satisfactory |
| Consultees | Statutory Officers The Chairman of the Council The Chairman of the Policy Development Group |
| Background papers | Officer Decision Record Letter to Chairman of Policy Development Group: Letter to Chairman of the Council Report to Cabinet 31 October 2012 - Proposal for the Pooling of Business Rates |
| Recommendations | THAT COUNCIL NOTES THE REPORT. |

1.0 BACKGROUND INFORMATION

- 1.1 The Business Rates pooling arrangement was introduced by Government and adopted by the Council in October 2012. The Pool was originally considered to be beneficial to the Leicestershire member authorities for reasons detailed in the previous report. Originally the benefits to the individual members of the Pool outweighed the perceived risks. The Council participated in the Pool in 2013/14 which was the first year of the arrangement.
- 1.2 Over the last 12 months the risks inherent in pooling business rates have become greater for the following reasons:
- (a) lack of certainty over the number and outcome of rating assessment appeals compounded by Valuation Office delays;
 - (b) continued uncertainty about the operation of various aspects of the business rates retention system, due to the lateness of Government decisions and recent changes.
 - (c) the burden of business rates has become a contentious issue nationally, it is not unrealistic to expect further changes to reduce the cost to targeted businesses.
 - (d) Continuing volatility in projections of business rates income at both individual authority and Pool level.
- 1.3 The uncertainties outlined above have made projecting a 2013/14 year end position for the Pool very difficult. Whilst a small surplus is currently being projected, there remains a risk that there could still be a deficit or any surplus would be too small a buffer to continue with the Pool in 2014/15. If there was a deficit the Council would be required to make a contribution to the Pool to make up any shortfall.
- 1.4 It was therefore considered to be detrimental to the Authorities to remain in the pool.

2. MOVING FORWARD

- 2.1 On 13 January 2014 the Chief Executive, following the approval of the Chairman of the Council and the Chairman of Policy Development Group, and in line with all member authorities, gave the Council's agreement to the dissolution of the Leicester and Leicestershire Business Rates Pool from 2014/15.
- 2.2 A unanimous decision of all the pool members was required by 14 January 2014 to meet the Government's statutory deadline and the timetable of cabinet meetings meant that there was no available meeting of members which would have met this deadline.
- 2.3 Due to the deadline imposed by Government and the urgency of the decision, the Council's Scrutiny Procedure Rules in relation to Call-In did not apply as any delay would have caused the council's interests to be prejudiced going forward.

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