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Meeting	<b>CORPORATE SCRUTINY COMMITTEE</b>
Time/Day/Date	6.30 pm on Wednesday, 8 January 2020
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

### AGENDA

Item	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. DECLARATION OF INTERESTS</b>	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
<b>3. PUBLIC QUESTION AND ANSWER SESSION</b>	
To receive questions from members of the public under rule no.10 of the Council Procedure Rules. The procedure rule provides that members of the public may ask 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.	
<b>4. MINUTES</b>	
To approve and sign the minutes of the meeting held on 7 November 2019	<b>3 - 8</b>
<b>5. DRAFT 2020/21 GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS</b>	
Report of the Head of Finance	<b>9 - 38</b>
<b>6. 2020/21 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS</b>	
Report of the Head of Finance	<b>39 - 54</b>
<b>7. 2020/21 - 2024/25 DRAFT CAPITAL PROGRAMMES</b>	
Report of the Head of Finance	<b>55 - 70</b>

<b>8.</b>	<b>2020/21 CAPITAL STRATEGY</b>	
	Report of the Head of Finance	<b>71 - 82</b>
<b>9.</b>	<b>2020 - 2025 MEDIUM TERM FINANCIAL STRATEGY</b>	
	Report of the Head of Finance	<b>83 - 112</b>
<b>10.</b>	<b>TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21 TO 2022/23</b>	
	Report of the Head of Finance	<b>113 - 140</b>
<b>11.</b>	<b>DRAFT INVESTMENT STRATEGY - SERVICE AND COMMERCIAL 2020/21</b>	
	Report of the Head of Finance	<b>141 - 150</b>
<b>12.</b>	<b>CORPORATE PEER REVIEW</b>	
	Report of the Chief Executive	<b>151 - 174</b>
<b>13.</b>	<b>2019/20 Q2 PERFORMANCE REPORT</b>	
	Report of the Head of Human Resources and Organisational Development	<b>175 - 220</b>
<b>14.</b>	<b>ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME</b>	
	To consider any items to be included in the work programme. The plan of forthcoming Cabinet decisions and the current work programme are attached for information.	<b>221 - 230</b>

Circulation:

Councillor R Boam (Chairman)  
Councillor J Houlton (Deputy Chairman)  
Councillor E G C Allman  
Councillor A J Bridgen  
Councillor R Johnson  
Councillor V Richichi  
Councillor S Sheahan  
Councillor N Smith  
Councillor M B Wyatt  
Councillor D E J Tebbutt

MINUTES of a meeting of the CORPORATE SCRUTINY COMMITTEE held in the Council Chamber, Council Offices, Coalville on THURSDAY, 7 NOVEMBER 2019

Present: Councillor R Boam (Chairman)

Councillors J Hoult, E G C Allman, A J Bridgen, V Richichi, S Sheahan, M B Wyatt and D Bigby (Substitute for Councillor R Johnson)

In Attendance: Councillors T Gillard

Portfolio Holders: Councillors N J Rushton

Officers: Miss A Wright, Mrs B Smith, Mrs T Bingham, Mrs C Hammond, Mr M Fiander and Mr C Lambert

#### **16. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor R Johnson and N Smith.

#### **17. DECLARATION OF INTERESTS**

There were no interests declared.

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

There were no public questions

#### **19. MINUTES**

Consideration was given to the minutes of the meeting held on 4 September 2019.

It was moved by Councillor J Hoult, seconded by Councillor A Bridgen and

RESOLVED THAT:

The minutes of the meeting held on 4 September 2019 be approved as a correct record and signed by the Chairman.

#### **20. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME**

Members were invited to put forward suggestions for inclusion in the Committee's work programme which was set out in the report.

Councillor D Bigby requested that the contract between the Council and leisure provider, Everyone's Active be considered by the Committee.

RESOLVED THAT:

The work programme be noted and the Leisure item added.

#### **21. EXCLUSION OF PRESS AND PUBLIC**

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be

transacted involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

## **22. BUDGET PROPOSALS 2020**

The Chief Executive advised Members that the committee would have the opportunity to scrutinise the draft budget in January and that officers would support the groups in putting forward alternative budgets as previously. However the Corporate Portfolio Holder was keen for the Committee to have early input into the draft proposals. She advised that the Portfolio Holder was present to receive the comments and would then feed back to the other Portfolio Holders to look at including the proposals, if possible, into the budget.

The Head of Finance presented the report to Members and advised that it was the first time that scrutiny Members has been engaged early and it provided an opportunity to identify gaps and put forward ideas to be considered, highlighting that these would then be considered at the Cabinet meeting in December. She informed Members that the proposals in the report only reflected the key changes for the next year and that it was planned to roll the existing budget forward subject to changes required. She stressed that there was still more work to do especially around staff increases including pensions and pay awards, changes below £5k, the impact on Capital plans in relation to revenue and a substantial piece of work required in relation to the special expenses budget.

She highlighted the background to the process and advised that it would fall in-line with the Medium Term Financial Plan (MTFP), with the aim of being in a no worse position than what was predicted in July 2019. She advised the committee that there were two emerging issues, these being climate change and a review of accommodation, however it was too early to make firm proposals and know the impact on the General Fund. She stated that it was too early to provide a formal statement Section 25 statement in respect of the adequacy of reserves and robustness of estimates for next year, however, it was anticipated that the plans before them were affordable. She was pleased to advise that there would be an enhanced consultation process that would now include the wider public, along with Parish Councils, trade unions and the federation of small businesses, as before.

She informed that the focus of the meeting would to be look at the proposals that were set out in each section of the report and that officers were present to answer any questions from Members. She drew Members' attention to an error in section 2 paragraph 2.1 where the first £322k should have read £337K.

The Corporate Portfolio Holder addressed the committee. He noted that the biggest difference was the prediction of a revised MTFP deficit of £1.3m but still urged caution until the figures had been confirmed and the expenditure plans for next year were reflected in the plan, as there were still huge risks should there be less new homes bonus or less business rates. He advised that it was the policy of the administration not to raise council tax but showed the requirement of external funding sources. He reminded Members that the Council had passed a climate change motion and the proposals before them included £1m in reserve for work towards the council achieving carbon neutrality by 2030. He also highlighted that the report included proposals for £50k to be set aside to support proposals for the Hermitage Leisure Centre, £20k towards tourism development and £13k towards increasing the free tree scheme.

Members were then invited to comment on the proposals before them.

Councillor S Sheahan welcomed the report at the early stage and asked if the £1m climate change reserve was spare money or was there a plan in place and how did officers arrive at the figure?

Councillor N J Rushton advised that there was no plan yet, however as issues emerged if the no money was allocated, then Cabinet would not have the resources to agree. He informed Members that the figure was flexible and not set in stone but was being set aside to take advantage of the favourable financial impact of the deferral in implementing the local government funding reviews.

The Chief Executive advised that the climate work was being led by the Head of Community Services and that a study had been commissioned and the report received which would be presented to Members at the workshop in December. She advised that there were estimations as to how the actions would be achieved and what the priority would be. She felt that there would be many decisions for Members to make as the Council would not be able to afford to do all of them and the £1m was a good start but a lot more work would be required.

The Head of Finance advised that, following the deferral of Local Government funding reviews, that had the Council could be set to achieve a £1.8m surplus in 2020/21, subject to confirmation of expenditure plans in the draft budget. The original agreement from Cabinet was to contribute the reserves to the self-sufficiency fund, but it was proposed that some of the money would be set aside to enable the Council to work towards its ambition of becoming carbon neutral.. She also informed Members that a letter had been received from MHCLG about the provisional Local Government Scheme and that due to the General Election it would not be able to consider the allocation in December but it would be a priority after the election.

Councillor M B Wyatt stated that in relation to the Climate Change motion that authority needed to show that it was serious and £1m did just that. He advised that in relation to the free trees scheme the biggest issue in planting new trees was the long term maintenance and there not being the money set aside to cover it. He also highlighted that at Coalville Specials Expenses meetings discussions had taken place around applying for funding from Bardon Aggregates and the £40k pot that was available. He felt that it would be a way to fund some of the projects and urged officers to look into it.

Councillor N J Rushton thanked Councillor M B Wyatt for his compliments on £1m climate change reserve and agreed that the residents needed to see that the Council was serious. He agreed to feed the comments in relation to long term maintenance of trees back to the relevant Portfolio Holder for consideration of inclusion into project.

The Chief Executive agreed that the Bardon Aggregates fund was under-utilised and that where there were schemes in Coalville that would benefit and that officers would need to look creatively as to how to draw on the funding.

Councillor D Bigby noted, in relation to the Climate Change reserve, that agreement was being sought for replacement vehicles for the years 2021/ 22 which seemed a long way ahead without taking in to account requirements such electric vehicles and costs; and was wondering if it would slow down the process for committing the climate funding.

The Head of Finance advised that the proposals for 2021/22 were included in the budget as the orders had to be placed in October ready for the following April and that environmentally friendly fleet replacement would be considered.

The Chief Executive advised that the funding needed to be put in to ensure that replacements were procured but the technology may not have been available for all the

vehicles. However it would not prevent the Council from moving forward. She highlighted that when Climate Change actions were discussed with Members, it would be noted that each piece of work would require individual business cases to be developed.

Councillor N J Rushton agreed that vehicles would be a way to show residents that the authority was serious about climate change. However the new refuse lorry was fairly urgent as it was an addition to the fleet to deal with the number of new homes in the District.

Councillor S Sheahan asked why the National Forest would not be maintaining any trees planted.

The Chief Executive advised that any tree planting in the public realm and town centres was maintained by the authority and that there would be a cost element to that, which at times was a barrier to the planting.

Councillor E Allman was pleased about the £1m reserve for Climate Change, however he noted that the report mentioned that it was a top up and asked how much had already been invested and in terms of a new truck how far would the £1m go?

Councillor N J Rushton advised the £1m would not make the Authority neutral but it showed the sincerity of the motion and that there was a starting point for when the report is presented to Members.

The Chief Executive advised that many Councils had declared a climate emergency and that within Leicestershire County, North West Leicestershire was the only one that had commissioned and received a report back. She advised that it was proposed to present the report to the other authorities to look at collective working to achieve some of the actions.

The Head of Finance advised that she would come back to Councillor E Allman outside the meeting as to how much funding is already built into to expenditure plans around Climate Change activities.

Councillor M B Wyatt advised that the Council needed to consider other possible income streams and recommended that officers looked at the possibility of the interment of ashes at Coalville Cemetery as there was sufficient space to provide the service.

Councillor N J Rushton advised that he would pass the proposal forward.

In response to a question from Councillor D Bigby, the Head of Finance advised that there were no issues surrounding the drivers of the Council's fleets but the new technology for driver identification was required as the current system was coming to the end of its life.

The Corporate Portfolio Holder advised that the HRA was doing very well despite being told in the past that the authority could increase rents but for the past four years being told to decrease them. He noted that the service was generating money and it was recommended to put some spare money into the Capital Programme enable the building of more Council houses.

The Head of Finance advised that the Revenue to Capital Programme tied in with the proposal at paragraph 5.16, which would increase the new supply budget and the increase of investment in the current homes.

Councillor M B Wyatt asked that, in relation to new build Council homes, would they be carbon neutral?

Councillor N J Rushton stated that it was a very good comment to feed back to the Portfolio Holder that Members would like to see carbon neutral new builds. He advised that even if it were more expensive to install the right heating elements, it would be the right thing to do to show that the Council was serious about climate change. He would feed the comment back to the Housing Portfolio Holder.

In response to a question from Councillor S Sheahan, Councillor N J Rushton advised that it proposed to increase rents by 2.7%. He informed Members that in relation to right to buy it would be wise to put any new stock in to a housing company to ensure that it was not lost as soon as it was available through the right to buy scheme.

The Head of Finance advised that the national formula for the next year would be based on CPI 1.7% + 1%.

Councillor N J Rushton advised that the average rents payable in 2020/21 would be the below the average in 2014/15. He noted that the more rent collected, the more capital that would be converted for building new homes.

Councillor D Bigby expressed concerns over rents previously going down then being increased and what impact it would have on tenants and asked if it been looked into. He noted that the policy was to allow local authorities to increase rent if it wished.

The Head of Finance advised, in relation to national policy, that Councils had the choice to follow if they wanted but there were other considerations around the budget, including cost pressures. For example staff pay awards that added pressures, therefore officers would be recommending the increase.

Councillor D Bigby noted the expectation to increase the cost of Service Charges by 0.4%.

The Head of Housing and Property advised the increase was full cost recovery and if need to it would be reduced and was not a way of making money.

In relation to a question from Councillor D Bigby, the Head of Housing and Property advised Members that the provision for off street parking was to look at Council Estates where the grass verges could be removed and spaces made on the side of road. He highlighted that there was a cost of £3.5k per space and that there would be some work at looking providing spaces on the curtilages of properties.

Councillor D Bigby requested consideration be given to providing charging points on council houses for use by the tenant.

Councillor N J Rushton stated that Members could request that any spare money be put aside to create more parking spaces around the council estates and he would pass that back to the Housing Portfolio Holder.

The Corporate Portfolio Holder thanked Members for their comments and considerations which had been noted and advised that they would be taken forward.

**RESOLVED THAT:**

The comments made by the Committee on the early budgetary proposals contained with the report and the other considerations proposed be taken forward as part of developing the 2020/21 Budget.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.31 pm

<b>Title of Report</b>	<b>DRAFT GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	None	<b>Public Report:</b> Yes
		<b>Key Decision:</b> No
<b>Financial Implications</b>	Financial issues are contained within the appended Cabinet report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek comments on the draft General Fund Revenue budget proposals for 2020/21.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE PROVIDE ANY COMMENTS IT MAT HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY TO CONSIDER THE BUDGET REPORT AND RECOMMENDS ITS PROPOSALS TO FULL COUNCIL ON 25 FEBRUARY 2020.</b>	

## 1. INTRODUCTION

- 1.1 The General Fund and Special Expenses Revenue Budget proposals for 2020/21 were presented to the Cabinet for approval for consultation at its meeting on the 10 December 2019.
- 1.2 The Corporate Scrutiny Committee is invited to consider the proposals and provide any comment to Cabinet to take into account when it agrees its final recommendations on 4 February 2020. Separate reports appear on this agenda covering the Housing Revenue Account Budget proposals, the Council's Capital Programmes and the Medium Term Financial Plans.
- 1.3 Further details are included within the attached Cabinet Report (Appendix 1).

Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	None
Safeguarding:	Not applicable
Equalities/Diversity:	The requirement for equalities impact screening and assessments is being assessed during the consultations and details if required will be provided as part of the management responses.
Customer Impact:	Fees and charges outlined in an Appendix in the attached Cabinet report.
Economic and Social Impact:	Not applicable
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 10 DECEMBER 2019



<b>Title of Report</b>	<b>GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET PROPOSALS FOR 2020/21</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Corporate Scrutiny Committee Draft Minutes – 7 November 2019</a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	The Net Revenue Expenditure for 2020/21 is estimated at £14.9m and the Total Funding available is £15.8m. The predicted surplus of £847k is assumed will be added to the Self-Sufficiency Reserve. The reserve would increase from an estimated £4.5m at 31/03/20 to £5.3m at 31/03/21.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	For Cabinet to approve 2020/21 General Fund and Special Expenses revenue budget proposals for consultation.	
<b>Reason for Decision</b>	Required to complete 2020/21 budget process.	
<b>Recommendations</b>	<p><b>CABINET IS RECOMMENDED TO :</b></p> <ol style="list-style-type: none"> <li><b>1. AGREE THE 2020/21 GENERAL FUND AND SPECIAL EXPENSES BUDGET PROPOSALS FOR STATUTORY CONSULTATION; AND</b></li> <li><b>2. THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER BE NOTED.</b></li> </ol>	

## 1.0 INTRODUCTION

1.1 This report seeks Cabinet approval to consult on the draft General Fund and Special Expenses budget proposals for 2020/21, with the outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget in February 2020.

1.2 Draft proposals for consultation have been prepared based on budget holders' own projections in respect of expenditure budgets and locally generated income forecasts.

1.3 All proposals relate to the Council Delivery Plan and the 5 key priorities:

- Supporting Coalville to be a more vibrant, family friendly town;
- Our communities are safe, healthy and connected;
- Local people live in high quality, affordable homes;
- Supporting businesses and helping people into local jobs;
- Developing a clean and green district.

The overriding principle in setting the 2020/21 budget was for the budgeted position for 2020/21 to be in line with predictions set out for that year within the Medium Term Financial Plan.

- 1.4 The Councils General Fund financial position is broadly made up of two elements:
- a) Net revenue expenditure - this includes all expenditure incurred net of income generated through fees and charges and other income (including additional grants authorities apply for, which are not part of central government funding) and financing costs, broadly made up of investment income, interest charged in respect of loans and the minimum revenue provision charge made in respect of unsupported borrowing to fund capital expenditure; and
  - b) Funding - The main sources of funding available to finance revenue expenditure which include locally retained Business Rates, Council Tax, New Homes Bonus and Revenue Support Grant.
- 1.5 The report presents changes as per above.
- 1.6 The approved 2020/21 budget will undergo regular monitoring and scrutiny during the financial year through quarterly performance monitoring and finance clinics, so that when they arise any variances can be identified at an early stage and remedial action taken to deal with them where necessary.
- 1.7 There was a new step in the annual budget setting process for 2020/21 with a report taken to the Corporate Scrutiny Committee on the 7 November to seek feedback on the early budget proposals. A number of additional budgetary proposals arising from the meeting have since been included in the draft budget presented to Cabinet.

### **Emerging Issues – Climate Change and Accommodation**

- 1.8 In June 2019, the Council resolved to declare a climate emergency and committed to achieving carbon neutrality from its own operations by 2030. Council also requested that officers develop an environment strategy necessary to achieve this aspiration together with an assessment of the cost and technology implications of doing so to enable the Cabinet and Council to take an informed decision whilst recognising that this will potentially require the reallocation of resources by the Council.
- 1.9 Work continues to progress in this area, with the development of a Zero Carbon Roadmap with the assistance of Etude, an environmental consultant engaged to map out how the Council can achieve carbon neutrality by 2030.
- 1.10 The Zero Carbon Roadmap currently remains under development and is due to be shared with members in a workshop in early December before being presented to Cabinet in January 2020 for adoption. At this stage, budgetary implications for the 2020 year and beyond are currently being worked up and require further assessment before they can be incorporated into plans. A proposal in respect of a new reserve to cover the impact to the General Fund

of this work is proposed and can be found in section 4.8.1 of this report.

- 1.11 Currently, a strategic review of the condition of our accommodation is underway and we anticipate presenting the feedback and recommendation of this initial work in the coming months. The outcome of this will determine our future accommodation strategy and likely budget requirements for future years and in particular our capital plans.
- 1.12 Known costs of maintaining the existing council offices to an acceptable modern standard have been included in the revised capital programme for 2021/22 and beyond. Additional revenue provision (as a cost pressure) has also been included for the purposes of maintaining the existing building. Appropriate delegations are in place for the Head of Finance to approve expenditure relating to any urgent health and safety related works to such buildings should the need arise.

### **The Spending Review and impact to our General Fund Medium Term Financial Plan**

- 1.13 The council's latest version of the medium term financial plan (July 2019) predicted deficits over the five year medium term financial plan (from 2019/20 – 2023/24) on the General Fund totalling £5.7m, with the first deficit arising in the 2021/22 year.

This first and subsequent deficits were forecast as a result of the implementation of the three ongoing local government funding reviews that were originally planned to be implemented from April 2020: The Local Government Spending Review; Business Rates Reform; and the Fair Funding Review. This is because our medium term financial plan had assumed that from April 2020 we would have a new business rates baseline and therefore retain less business rates income and receive less New Homes Bonus because we would only be rewarded for historic growth through legacy payments and not for new housing growth achieved in 2019.

- 1.14 On 4 September 2019, the Chancellor of the Exchequer made a Spending Review announcement. This confirmed that 2020/21 is proposed to be a roll-forward one year settlement, based on the former four year multi-year settlement that covered 2016/17 – 2019/20. This confirms that the implementation of the outcomes of the Fair Funding review and Business Rates Retention Reform will not be implemented in 2020 and instead are both deferred until 2021 and that a multi-year Spending Review will be carried out in 2020.
- 1.15 A Technical Consultation paper on the Local Government Finance Settlement for 2020/21 was released in early October and the Council submitted a response ahead of the 31 October deadline. The consultation followed on from the Spending Review announcement and has sought feedback on detailed range of proposals for 2020/21 including:
  - A commitment to fund New Homes Bonus in 2020/21, with a new round of allocations for growth achieved to October 2019 as well as continued legacy payment for historic growth. The Government have confirmed their intention to look at the New Homes Bonus scheme and explore the most effective way to incentivise housing growth in the future.
  - An elimination of negative Revenue Support Grant (which was due to affect NWLDC in 2020/21), meaning that the Council will not need to adjust its retained business rates to compensate for a negative RSG payment.

- An uprating of the Settlement Funding Assessment, which affects Baseline Funding Level, meaning that we get to retain business rates under the same conditions as at present, with an allowance for inflation.
  - Authorities will be able to increase the Band D council tax by 2.0%. It is assumed from this that the £5 maximum will also be available for district councils. This 2.0% threshold is lower than the last two financial years (where it was 2.99%).
- 1.16 The revised medium term financial plan has now been developed and is included on the Cabinet agenda for this meeting. The projected deficit over the 5 years is £6.3m, however journey to self-sufficiency savings of £5.1m are now built into plans reducing this deficit over the period to £1.2m.
- 1.17 Scenarios developed since the last MTFP update are included to give members a broader understanding of issues that could affect the council's financial position. This includes a scenario to show the impact to the deficit if savings are not achieved, which would be around £6.3m.

### **Journey to Self-Sufficiency Programme**

- 1.18 The council launched the Journey to Self-Sufficiency Programme in 2018 to promote self-sufficiency and the safeguarding of the council's General Fund financial position against anticipated future central government funding changes whilst also maximising the use of government grant and local income.
- 1.19 The programme to date has delivered, or is in the process of delivering a range of outcomes associated with the council becoming more self-sufficient including the implementation of the Commercial Strategy and associated actions, the redesign and approval of a new Corporate Charging Policy and the drafting of a new Asset Management Strategy due for Cabinet approval in December 2019.
- 1.20 Since the last update to Cabinet, the Corporate Leadership Team have commenced a review of the programme in light of the need to establish savings targets to meet the future deficits predicted by the medium term financial plan. £570k of savings are included in the 2020/21 draft general fund budget with a further £4.5m over the remaining life of the medium term financial plan, taking the total savings to £5.1m.
- 1.21 The revised approach will be based around themes and opportunities to generate income and reduce expenditure. Resultant savings targets will be set for service areas over the forthcoming five year period and these targets will be monitored via the biannual review of the council's medium term financial plans.
- 1.22 A full update is provided as part of the medium term financial plan update on the same agenda as this report.

## **2.0 GENERAL FUND 2019/20 – PROJECTED OUTTURN**

- 2.1 The second quarter Performance Report is due to be considered by Cabinet at its meeting in January and presents outturn projections for the current year. The forecast position on the General Fund for 2019/20 is a surplus for the year of £232k, compared to a budgeted surplus of £161k. There has been adverse variances of £1.1m, of which £282k relates to a reduction in income, £776k in additional costs compared to the budget and a number of de minimis variances of £12k. This is offset against favourable variances of £820k, of which additional income of £164k and reduction in costs of £656k.

- 2.2 Explanations of the significant variances (over £50k) are detailed below:
- a) Across the general fund there is forecast salary savings of £371k compared to budget. The savings are due to a number of vacant posts across the organisation;
  - b) Refuse and Recycling agency costs are forecast to be overspent by £104k (net of salary savings). This is due to additional temporary workers required than originally budgeted mainly as a result of levels of sickness absences;
  - c) There is additional early retirement capital costs of £50k due to ill-health retirement of an employee;
  - d) Increased recycling income of £57k; and
  - e) A reduction in rent allowances of £59k.
- 2.3 The net variances of £250k have been financed by £321k of additional business rates. £150k of the additional business rates relate to additional Section 31 grants received and £170k as a result of accounting differences, compared to the budgeted level stated in the council's NNDR1 return.
- 2.4 In line with the decisions made by Council at its meeting on 26 February 2019, the budgeted surplus of £232k and any additional surpluses achieved will be transferred to the self-sufficiency reserve.
- 2.5 The forecast outturn position presented as part of Appendix D is based on the forecast outturn at period 7.

### 3.0 **CONSULTATION WITH CORPORATE SCRUTINY**

- 3.1 There was a new step in the annual budget setting process for 2020/21, with a report taken to the Corporate Scrutiny Committee on 7 November to seek feedback on the early budget proposals. The new step was designed to enhance member scrutiny of the proposed budget changes for the forthcoming year, and also provide members with an opportunity to feed suggestions into the process.
- 3.2 A link to the draft minutes to the meeting is provided in the background papers on page one of the report. Appendix A details suggestions for the 2020/21 budget process from the members of the committee and the impact of the budget.

### 4.0 **2020/21 NET REVENUE EXPENDITURE PROPOSALS**

- 4.1 For 2020/21, there has been an increase in net revenue expenditure of £214k. The main reasons for this increase are a combination of factors made up of a number of service developments, budgetary cost pressures (increased expenditure or reduced income) and savings (increased income or reduced expenditure).
- 4.2 Budget proposals presented in this report have been considered and approved by the Corporate Leadership Team and are categorised as either:
- 4.2.1 Savings – Savings put forward include the reduced leisure centre management fee payable in 2020/21, compared to 2019/20, the removal of the remaining budget provision for the running of the leisure centres and the reduction in corporate support costs, again associated with the outsourcing of leisure. One year budget provision in relation to LLEP match funding and the expenditure of the associated monies received as a result of the one year business rates pilot have also been recorded as savings. In total, the budget holders put forward proposals

with a combined value of £1.9m saving.

- 4.2.2 De-minimums budget movements across the General Fund which totalled additional costs of £57k.
  - 4.2.3 Staffing increases - which include the cost of the pay award, pension increases and incremental salary progression for 2020/21. The additional cost in 2020/21 of staffing is £646k. A breakdown of the staffing increases is included within Appendix B.
  - 4.2.4 Cost Pressure - Proposed additional budget provision to cover unavoidable cost pressures. The total of these is £888k and more detail is included in paragraphs 4.6 to 4.7 below.
  - 4.2.5 Service Development - Proposed additional budget provision to cover enhancement of the service. The total value of service development proposals is £1.1m. Details of these proposals are covered in paragraphs 4.8 to 4.9 below.
  - 4.2.6 Journey to Self-Sufficiency - Reduction in Net Revenue Expenditure – The anticipated reduction in net revenue expenditure for 2020/21 as a result of the Journey to Self Sufficiency programme. The target for 2020/21 is £570k and further work is being undertaken to achieve the full target.
- 4.3 A full breakdown of proposals as outlined above can be found in Appendix B.

### **Savings**

- 4.4 For information, the following paragraphs explain savings that will be built into the 2020/21 budget. Below are the savings reported to Corporate Scrutiny:
- 4.4.1 We are still reviewing the investment income for 2020/21, included within the budget is a de minimis increase of £2k. Interest rates and how much cash we have to invest affect how much investment income we receive. We are still finalising the council's capital programme, so the amount of cash we have to invest going forward is yet to be confirmed. Other external factors, such as the UK exiting the European Union, could affect interest rates and work continues to assess a reasonable forecast for 2020. In addition, an alternative treasury strategy that makes use of external borrowing to fund capital plans in order to increase investment returns on cash surpluses, is currently being reviewed by the Section 151 Officer with the council's treasury advisors Arlingclose. It is anticipated that there will be an increase in investment income in 2020 as a result and this will be reported as part of the Final budget.
  - 4.4.2 We will reduce the LLEP Match Funding by £450k. This was a one-off budget requirement in 2019/20.
  - 4.4.3 We will align spend and grant permissions resulting in a reduction the budget for Disabled Facilities Grant of £18k
  - 4.4.4 We will offer a new payroll service to other councils that will bring us net income of £18k. To generate more income we are taking on the payroll service for a number of other councils.
  - 4.4.5 We will save a further £369k in costs associated with the leisure service. The budget for 2019/20 was adjusted to reflect that the leisure centres would be outsourced from May 2019 and that a management fee would instead be paid to Everyone Active. The saving of £369k reflects a reduction of £222k in the

management fee payable for 2020/21, £307k compared to the budgeted provision in 2019/20 of £529k and the removal of the £146k remaining budgetary provision required in 2019/20 that was retained to fund the council running the centres during April of this year.

- 4.4.6 We will make savings within the Planning Service of £124k. These savings include:
- £12k saving on advertising due to a successful tendering exercise in 2018/19, the cost of advertising has reduced. Through our Journey to Self-Sufficiency programme we will align and pool budgets across service areas of a similar nature into a consolidated budget.
  - £5k saving in technical planning support.
  - £30k saving in relation to external legal advice as there is predicted to be less of a need for legal and technical support in 2020/21.
  - £95k reduction in the budget for the delivery of the Local Plan. The current estimate of cost of the Local Plan over the next 2-3 years is in the region of £725k, of this £503k relates to 2019/20 and 2020/21. There is currently an existing Ear Marked Reserve of £395k plus the current year budget. Therefore, only £125k is required in 2020/21.
  - £5k additional income in relation to the discharge of conditions for planning. This is an additional savings identified since the Corporate Scrutiny meeting.
  - £23,100 (reduced from £40k compared to that reports to Corporate Scrutiny) of the savings will be used to employ a GIS and systems support officer for community services. The post will provide Geographic Information Systems (GIS) and back office systems support to ensure we hold accurate records. The post will be split between several teams including land charges, environmental protection and planning. Part of the post will be funded by the land charges reserve.
- 4.4.7 We will realign the budget for the Council Tax Summons income in line with expectations, saving £12k.
- 4.4.8 We are entering into a new contract with our Housing department to clean empty homes, which is due to generate net income of £10k. The savings have reduced from those reported to Corporate Scrutiny.
- 4.4.9 We will reduce our agency spend down by 20%. The council has committed to reduce the agency spend from £1m in 2019/20 to £800k in 2020/21. Budget holders have identified £64k savings across agency and consultancy budgets. We will continue to assess the impact of this to the General Fund and the HRA over the coming weeks.
- 4.4.10 We will reduce the Financial Sustainability and Infrastructure budget by £550k. This was a one-off budget item in 2019/20 funded by the additional money received from the Business Rates pilot that will not be received in 2020/21.
- 4.4.11 We will realise a further £139k savings in corporate support costs in response to outsourcing our leisure centres. We budgeted and realised £134k of savings in corporate costs in 2019/20 and have realised a further £150k this year following a further savings exercise. We will realise a £139k in 2020/21, taking the total amount of annual savings from 2020 to £273k.
- 4.4.12 We will explore ways to increase our income from recycling materials. We currently budget for £492k of income from the sale of recyclable materials collected from households. We expect this to increase next year, as the number of households in our district is increasing, and we are forecasting to exceed our budget this year by £60k, but it is too early to assess how much we can increase the budget by as prices we can vary and could be affected by the UK exiting the European Union and changing behaviour of residents in respect of buying packaged products.

- 4.5 The following paragraphs detail the additional savings identified since the report that went to the Corporate Scrutiny meeting on the 7 November 2019:
- 4.5.1 The council agreed to contribute towards the cost of the Ashby Town Centre Manager for a period of two years. 2019/20 is the final year of the agreement and therefore there will be a budget saving of £12k in 2020/21.
- 4.5.2 We plan to generate an additional income from:  
a) £5k of income from Cultural Services event;  
b) £16k of income in relation to rents from the new market;  
c) £6k from taxi licence income; and  
d) £6k from investment properties rentals.
- 4.5.3 We plan to make net savings in Housing Benefits of £7k. There will be savings of £59k for rent allowances offset against additional costs of £40k for Bed and Breakfast and £12k for rent rebates.
- 4.5.4 The grant payable to parish councils in relation to the Localisation of Council Tax will reduce again this year by £25k. This will be the final year on the grant to parish council and from 2021/22 will be nil. The grant continues to be payable to Special Expenses at a cost of £63k
- 4.5.5 Additional recharges to the Housing Revenue Account and Special Expenses will generate a saving to the general fund of £104k.

### **Cost Pressures**

- 4.6 For information, the following paragraphs explain areas where we will need to increase budgetary provision in order to absorb cost pressures. Below are the cost pressures reported to Corporate Scrutiny:
- 4.6.1 We need to increase the Member Services Special Responsibilities budget by £13k to cover the costs of more members currently being entitled to receive a Special Responsibility allowance.
- 4.6.2 We need to increase the Council's insurance by £34k.
- 4.6.3 We will enhance the security of payments taken over the internet by spending £5k upgrading our software to comply with EU Payment Services Directive.
- 4.6.4 £14k is needed to fund software licences for the InPhase performance management system.
- 4.6.5 We will increase the Corporate IT Licence budget by £25k to ensure we continue to meet Microsoft Licencing requirements.
- 4.6.6 We will reduce our planning fee income by £100k as a result of anticipated lower levels of planning applications.
- 4.6.7 We will increase our repairs budget by £224k (£47k reported to Scrutiny) to cover the forecast costs in maintaining the Council Offices whilst we look at new strategic accommodation options with members.
- 4.6.8 We will increase the Discretionary Discount (Hardship Relief) budget by £30k to fund demand for this scheme for 2020/21 whilst we review the Local Tax Retention Scheme.

- 4.6.9 We will create a Discretionary Housing Payments (DHP) budget of £24k to fund demand that is in excess of the government grant received
- 4.6.10 We will decrease the budget for the DWP Admin Grant funding as a result of the government reducing this grant by £22k.
- 4.6.11 We will increase our budget for washing down waste service vehicles by £10k to allow cleaning of the inside of the vehicles. This will prevent foul-smelling substances building up, which could result in more breakdowns or spill onto roads if left untreated.
- 4.6.12 We will create a new £11k budget to pay for the removal of fly tipped asbestos. This new provision will allow us to pay a specialist contractor to remove any rubbish containing asbestos that is fly tipped within our district, as we are not equipped to deal with this ourselves.
- 4.6.13 The council will see an increase in its net financing costs for 2020/21 as a result of an increase in value of its Capital Programme for 2020/21 (total programme of £12.7m) compared to 2019/20 (forecast programme of £7.2 million). The major reason for the increase is due to the assumed expenditure of £9.8m on the new leisure facility, compared to £3.5m in 2019/20. Any capital items funded by 'unsupported borrowing' will incur a minimum revenue provision (MRP) charge where funds are to be set aside from revenue in line with statutory provisions. The increase in net financing costs for the 2020/21 year is £174k.
- 4.7 The following paragraphs detail the additional cost pressures identified since the report that went to the Corporate Scrutiny meeting on the 7 November 2019:
- 4.7.1 There are additional unavoidable costs and reduction in income for Environmental Protection. Currently a review of the Council's car parks is underway and it is planned for these additional costs to be mitigated through proposals arising from this review:
- a) Additional NDR of £55k in relation to council's car parks and £10k for the New Market;
  - b) Reduction in car parking income of £33k. There is currently a car parking service review being undertaken which will provide mitigation for the reduction in income;
  - c) Reduction in PCN income, net of the levy, of £6k;
  - d) Increase in the fee payable to Blaby in relation to the Lightbulb project of £7k;
- 4.7.2 Planning policy received a one-off grant in 2019/20 of £30k, which will no longer be received.
- 4.7.3 There will be an increase in repairs on the council's investment properties of £45k.
- 4.7.4 There are additional unavoidable costs and reduction in income for Waste Services:
- a) Additional fuel costs of £8k;
  - b) Repairs in relation to non-insurance damage of £5k;
  - c) Additional bins due to housing growth and recycle more project of £10k; and
  - d) Loss of trade waste income from internal clients of £6k
  - e) Reduction of external contractor payments of £15k.

## Service Developments

4.8 Below are the service developments reported to Corporate Scrutiny:

4.8.1 **We intend to set aside £1 million Climate Change Reserve to cover additional costs to the General Fund of becoming carbon neutral.** As detailed in 1.10-1.14 above, officers are currently assessing the impact of an environment strategy necessary to achieve the Council's aspiration of being carbon neutral by 2030, together with an assessment of the cost and technology implications of doing so. Utilising the one year impact of the deferred local government funding changes and associated retained business rates and additional new homes bonus payments, this proposals seeks to create a one-off Climate Change reserve to cover the additional costs in replacing assets with more energy efficient and carbon neutral solutions and associated work to be able to do this.

4.8.2 **We will spend £50k kick-starting a project to develop Hermitage Recreation Ground, the existing leisure centre site and links to the new leisure centre.** This will cover feasibility, outline design and business planning. A community event was held at Hermitage Leisure Centre on the 4 November to gauge public views on the future use of these sites.

4.8.3 **We will invest £20k to support the Council's priority to develop our tourism offer.** This investment will allow us to exploit the opportunities set out in the NWL Tourism Strategy and NWL Tourism Blueprint, which Community Scrutiny reviewed in November 2019. The total budget for 2020-21 will be £46k as a result.

4.8.4 **We will increase our free tree scheme with an additional £13k.** Our Council Delivery Plan states we will expand our free tree scheme. This will bring our total budget up to £19k, which will fund 35k free trees across the district. The National Forest will part-fund the trees, and the trees will absorb carbon and increase the National Forest.

4.9 Since the Corporate Scrutiny meeting, there has been four additional service development requests:

4.9.1 **We plan to provide a grant to the Timber Festival of £10k.** The Council agreed to provide assistance with establishing the Timber Festival for the first three years. The first two years have been funded from reserves. The reserve has now been depleted, so a budget is required for 2020/21 to fund the final year of the contribution.

4.9.2 **We plan to spend £10k on letting agents.** From 2020/21, the council will start to use a letting agent to reduce the number of vacant units for its investments properties and ensure letting income is maximised. This is a shift in how the councils manages its assets.

4.9.3 **We plan to increase the tree maintenance budget by £15k.** This is an estimated fund for ongoing maintenance for additional trees planted within Coalville, although detailed business cases will make allowance for ongoing maintenance liabilities for the council.

4.9.4 **We plan to set aside £10k to help part fund bids for funding from Bardon Quarry.** Previous successful bids have included the Green Flag award at Coalville Park, improvements at Leicester Road Cemetery and improvements at Coalville Forest Adventure Park. Officers also have two further bids going to their November panel for Coalville in Bloom 2020 and Cropston Drive Recreation Ground changing pavilion.

## 5.0 FEES AND CHARGES

- 5.1 The council provides a wide range of services to local residents, businesses and visitors and generates local income as a result. Local income generation, when done in the right way, presents the council with an opportunity to maximise its financial position and an opportunity to reduce its reliance on government grant. In addition, charging for services can also present opportunities to achieve the council's corporate priorities. In September 2019, Cabinet approved a revised Corporate Charging policy, which will maximise the opportunities detailed above.
- 5.2 Appendix C provides a comparison of 2019/20 and 2020/21 Fees and Charges for those fees that have changed. There are currently ongoing reviews in relation to Car Parking and Public Conveniences. The fees will be reviewed as part of the services reviews and reported to Cabinet in February 2020 if there are any changes. The hourly rates for Building Control and Land Charges are in the process of being calculated and will be reported to Cabinet in February 2020.

## 6.0 2020/21 FUNDING

- 6.1 It is important to note that the draft budgeted position for 2020/21 and assumptions around funding for this and future years is currently based on the content of the Technical Consultation of the Local Government Finance Settlement (LGFS). With the General Election now scheduled for 12 December, Councils have been advised that it is not possible to hold the provisional settlement in early December, as is ordinarily the plan. Councils have been assured that the Ministry of Housing, Communities and Local Government (MHCLG) anticipates that the provisional settlement will be a priority for Ministers to consider after the General Election.
- 6.2 We expect to receive nil Revenue Support Grant in 2020/21 as per the above technical consultation.
- 6.3 For 2020/21 there is an estimated increase in total funding of £899k, subject to the local government finance settlement and further work required in respect of council tax and business rates estimates.
- 6.4 Forecast Business Rates income for 2020/21 has been estimated based on the period 7 performance of Business Rates plus assumptions around the anticipated level of growth in the district in 2020/21 based on an assessment of commercial developments underway. The Council will submit its final projections of Business Rates for 2020/21 to the Government by the end of January 2020 and this information will be used to determine the final budget position for 2020/21 which will be presented in the final budget in February 2020. The increase in retained Business Rates for next year is an increase of £495k compared to the 2019/20 budget. The 2019/20 budget however did include additional rates arising from the participating in the business rates pilot and so the increase in 2020/21 represents a significant amount of growth following the loss of these pilot monies in Leicestershire next year. This significant growth in business rates due to be collected in 2020/21 is largely as a result of the significant developments in and around the North of the District and in particular Kegworth.
- 6.5 The Council is not planning to increase the District's share of the Council Tax in 2020/21. This will be the eleventh year without an increase. The net income foregone by not increasing council tax for 2020/21 from its 2019/21 level is £109k. The cumulative loss of income as a result of this policy from 2010/11 to 2020/21 will be £10.5 million and the cumulative average saving to residents of £344 over the eleven years. The draft budgeted level of Council tax income has been assessed on the likely level of council tax base, level of further anticipated

housing growth in 2020/21 and a non-collection rate of 2%. This has resulted in an increase of £127k, from £5.3m for the 2019/20 year to £5.5m for the 2020/21 year. The Council Tax Base for 2020/21 is due to be approved by members at its Cabinet meeting in January. Therefore, as is the case with Business Rates, the final Council Tax budget will be confirmed in the final budget presented to Council in February 2020.

- 6.6 The Council Tax Collection Fund is monitored throughout the year and the forecast income will be available from the fund towards next year's budget. The budget for 2020/21 has reduced by £24k from £90k to £66k. This step-change in anticipated Collection Fund surplus is as a result of the council more accurately predicting its housing growth in year which has reduced the effect of a surplus received a year in arrears. As above, this position will be finalised as part of the final budget.
- 6.7 The level of New Homes Bonus for next year is determined by the Council Tax Base report (CTB1) which was completed and returned to Central Government in October. In the Government's September 2018 consultation on the Draft Local Government Finance Settlement, it was stated that 2019/20 represented the final year of New Homes Bonus funding agreed through the 2015 Spending Review. The Government stated that they would explore how to incentivise housing growth most effectively going forward and would consult on any proposed changes.
- 6.8 Given the announcements made as part of the Spending Review, the budget has been updated to take into account that the Council will receive a new round of allocations for growth achieved to October 2019 as well as continued legacy payment for historic growth. Based on this and the increase in the council's council tax base between October 2018 and October 2019 it is anticipated that the council will receive an additional £302k in New Homes Bonus funding in 2020/21 compared to 2019/20.

## 7.0 **2020/21 DRAFT BUDGET POSITION**

- 7.1 Given the proposals in respect of net revenue expenditure and funding forecasts as detailed above, the predicted surplus and contribution to General Fund reserves for 2020/21 is £847k. Assuming the forecast surplus is added to the Self-Sufficiency Reserve, the reserve would increase from an estimated £4.5 million at 31 March 2020 to £5.3m at 31 March 2021.
- 7.2 The draft Budget Summary for 2020/21 can be found in Appendix D.

## 8.0 **SPECIAL EXPENSES**

- 8.1 The forecast outturn for 2019/20 Special Expenses forecast outturn remains at £561k net expenditure, compared to the budget of £536k. The net cost of Special Expenses are funded through Council Tax and Localisation of Council Tax Support Grant. Any over-spend is funded from Special Expenses reserves. The forecast position is a deficit of £22k that will be funded through reserves, compared to the budgeted surplus of £4k (that was planned to be contributed to reserves).
- 8.2 In line with the precept freeze for the Council's share of Council Tax, the precepts for special expenses have been frozen since 2010.
- 8.3 The impact of this freeze has resulted in a number of the Special Expense accounts now being in a small deficit position at the end of the 2019/20 year. Further deficits would arise for 2020/21 if the precepts were not raised as a result of plans to maintain and improve assets managed by the Special

Expense accounts.

- 8.4 In addition, the general fund currently provides a grant to the parishes and special expenses areas in relation to the localisation of council tax support. For 2020/21 this equates to £88,696. The grant to parishes has been phased out over a four year period and the last payments will be in 2020/21.
- 8.5 The council tax in relation to Special Expenses have been recalculated to phase out the Localisation of Council Tax Support Grant over 4 years commencing in 2021/22 and to provide sufficient funding to cover current deficits and future planned maintenance. The increases in the council tax for Special Expense areas are detailed below:

**Table 1: Band D Special Expenses Council Tax**

	<b>19/20</b>	<b>Increase</b>	<b>20/21</b>
<b>Coalville</b>	£63.53	£3.09	£66.62
<b>Whitwick</b>	£7.50	£0.35	£7.85
<b>Hugglescote</b>	£18.00	£0.82	£18.82
<b>Coleorton</b>	£5.31	£1.49	£6.80
<b>Lockington &amp; Hemington</b>	£7.10	£2.00	£9.10
<b>Measham</b>	£1.08	£0.11	£1.19
<b>Oakthorpe &amp; Donisthorpe</b>	£4.22	£0.25	£4.47
<b>Osgathorpe</b>	£1.78	£0.00	£1.78
<b>Ravenstone with Snibston</b>	£0.41	£0.13	£0.54
<b>Stretton-en-le-Field</b>	£57.05	£3.76	£60.81
<b>Appleby Magna</b>	£3.50	£0.73	£4.23

- 8.6 In previous years the Special Expenses budget requirement has not been considered until after such time that the Council Tax Base is approved by Cabinet in January. To enable consultation, a draft budget requirement has been produced based on an indicative Council Tax Base and is available at Appendix E. The Coalville Special Expenses Working Group will be consulted on the 17 December 2019 in relation to the increase in Council Tax. It should be noted that these will likely change once the council tax base has been set and a final position will be shared in February 2020.

## 9.0 MEDIUM TERM FINANCIAL PLAN

- 9.1 The Council's Medium Term Financial Strategy 2019/20 – 2023/24 was approved by Cabinet in February 2019. At that time, the projected deficit on the General Fund arising over the 5 year period was £5.2m. Following the review in July 2019, this deficit increased to £5.7m.
- 9.2 Given the expenditure proposals and assumptions around funding presented as part of this report and the inclusion of £5.1m journey to self-sufficiency savings over the period, the forecast deficit between 2020/21- 2024/25 is now £1.2 million. As detailed in paragraph 5.1 above, the Self-Sufficiency reserve is forecast to stand at £5.3 million as at March 2021.
- 9.3 Full details of the full assumptions used to determine this forecast can be found in the Medium Term Financial Strategy report on the same agenda as this report.

## 10.0 CONSULTATION

- 10.1 The Council will undertake a consultation on the proposed budget provision, its proposed Council Tax freeze for 2020/21 and proposed special expense precept increase for 2020/21. Consultation is required with the business community, through the North West Leicestershire Chamber of Commerce, in

compliance with the Non-Domestic Ratepayers (Consultation) Regulations 1992. There will also be consultations with Staff, Unions and Town and Parish Councils.

10.2 Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation. The draft budget will also be presented to Corporate Scrutiny Committee on 8 January 2020 for final comments before the final budget is presented to Cabinet and Council in February 2020 for approval.

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

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

11.2 The Section 151 Officer considers that the estimates which form the draft General Fund budget are robust and prudent, and the proposals are deliverable for 2020/21.

11.3 The Section 151 Officer also considers that the overall level of General Fund reserves is adequate for 2020/21.

11.4 The Section 151 Officer notes the business, housing and population growth in the district and the need for the future increased expenditure arising from future growth to be funded.

11.5 By 2021, all local authorities will have faced a reduction to core funding from the Government and the Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's departmental multi-year Spending Review and the redesign of the national Business Rate Retention System. The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of future funding in light of these government-led reviews.

11.6 The updated MTFP presents a total deficit between 2020/21 and 2024/25 of £1.2m, largely as a result of £5.1m targets set in relation to the Journey to Self-Sufficiency Programme being absorbed into plans. There therefore remains a risk that these savings are not delivered and the deficit increases.

11.7 By March 2021, the council's Self-Sufficiency reserve is forecast to stand at £5.3m, subject to funding future commercial initiatives presented to Cabinet for approval.

11.8 The MTFP will be reviewed in July 2020 and reported to Cabinet, by which time we will have further clarity surrounding the likely funding position from 2021 and will be able to present further recommendations to safeguard the council's future financial position on an ongoing basis.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The budget assists the Council to achieve all its priorities.
Policy Considerations:	None

Safeguarding:	None
Equalities/Diversity:	The requirement for equalities impact screening and assessments is being assessed during the consultations and details if required will be provided as part of the management responses.
Customer Impact:	Fees and charges outlined in Appendix.
Economic and Social Impact:	None
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve.
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Officer Contact	Tracy Bingham, Head of Finance 01530 454707 <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

## CORPORATE SCRUTINY – BUDGET PROPOSALS

Proposal or amendment for consideration	Comment from Officers	Cost	Incorporated into budget
Ability to inter ashes within the Coalville cemeteries as part of income generation and to deal with the fact that Coalville residents are unable to do this.	Officers are currently undertaking a Burial Service review and this is looking at all aspects of the service and will include commercial opportunities including memorials at all of our directly managed cemeteries including London Road in Coalville.	TBC	Will be incorporated into the budget once the burial review has been completed.
Assessing the maintenance revenue we may need to include on trees planted as part of public realm and town centre improvements linking to the forest town	There has been a joint expression of interest between the council, South Derbyshire DC, and the National Forest submitted to the Urban Tree Challenge Fund to plant more trees in the Coalville area . The emerging Coalville High Streets Fund Application has the planting of trees as a significant part of the bid. This is an estimated fund for ongoing maintenance although detailed business cases will make allowance for ongoing maintenance liabilities for the council.	15,000	Yes
Ensuring we can maximise the opportunities of external funding from Bardon quarry potentially with a small match funding budget	This budget allowance would help part fund bids for funding from Bardon Quarry. Previous successful bids have included the Green Flag award at Coalville Park, improvements at Leicester Road Cemetery and improvements at Coalville Forest Adventure Park. Officers also have two further bids going to their November panel for Coalville in Bloom 2020 and Cropston Drive Recreation Ground changing pavilion.	£10,000	Yes

## Budget Proposals

## Savings Proposals (including additional income)

Proposal Title	Amount	One-off / Ongoing
<b>Reported to Scrutiny (7 November):</b>		
Business Focus – LLEP Match Funding	-£450,000	Ongoing
Environmental Protection - Reduction in the council's contribution to Disabled Facilities Grants	-£18,440	Ongoing
HR and Payroll - Delivery of Payroll Service to other local authorities	-£18,045	Ongoing
Leisure – saving as a result of the outsourcing	-£368,850	Ongoing
Planning & Infrastructure Savings	-£123,900	Ongoing
Revenues & Benefits – additional summons income	-£11,850	Ongoing
Waste Services - Delivery of the empty homes contract for Housing	-£9,667	Ongoing
Agency & Consultancy Savings	-64,410	Ongoing
Financial Sustainability and Infrastructure Budget	-£550,000	Ongoing
Savings as a result of Leisure Outsourcing (Corporate Overheads)	-£138,730	Ongoing
<b>Savings identified post Scrutiny Meeting</b>		
Business Focus – Town Centre Manager	-£12,000	Ongoing
Cultural Service – Events Income	-£5,000	Ongoing
Environmental Protection - Additional income in relation to New Market	-£16,000	Ongoing
Licensing - Additional taxi licence income	-£6,000	Ongoing
Property – Additional Rental Income	-£5,610	Ongoing
Revenues & Benefits – rent allowances/bed & breakfast/rent rebates	-7,490	Ongoing
Reduction in localisation of council tax scheme	-£25,193	Ongoing
Increase in net recharges from General Fund	-£104,550	Ongoing
<b>Total</b>	<b>-£1,935,735</b>	

## Proposals to cover cost pressures

Proposal Title	Amount	One-off / Ongoing
<b>Reported to Scrutiny (7 November):</b>		
Democratic Services – increase in Special Responsibility Allowance	£13,000	Ongoing
Finance – increase in insurance costs	£34,480	Ongoing
Finance – Software upgrade	£5,240	One-off
HR – InPhase Software Licences	£14,136	Ongoing
ICT – Corporate ICT Licences	£24,620	Ongoing
Planning – reduction in planning fee income	£100,000	Ongoing
Property Services – increase maintenance for the Council Offices	£224,000	One-off
Revenues & Benefits – Discretionary Hardship Relief	£30,430	Ongoing
Revenues & Benefits – Discretionary Housing Payment	£23,720	Ongoing
Revenues & Benefits – DWP Admin Grant	£22,430	Ongoing
Waste Services – cleaning of refuse vehicles	£10,000	Ongoing
Waste Services – asbestos clearing	£11,000	Ongoing
Minimum Revenue Provision	£174,465	Ongoing
<b>Cost Pressures identified post Scrutiny Meeting</b>		
Environmental Protection – increase in NDR and reduction in income for the council's car parks	£87,770	Ongoing
Environmental Protection – Off-street Enforcement	£6,020	Ongoing
Environmental Protection – increase in NDR for the NewMarket	£9,460	Ongoing
Environmental Protection – increased contribution to Blaby in relation to the Lightbulb Project	£7,560	Ongoing
Planning Policy – Grant	£29,650	Ongoing
Property Services – Repairs to investment properties	£45,140	One-off
Waste Services – fuel, repairs and new/replacement bins	£8,490	Ongoing
Waste Services – reduced of trade waste income for internal contracts	£6,590	Ongoing
<b>Total</b>	<b>£888,201</b>	

## Service Development Proposals

Proposal Title	Amount	One-off / Ongoing
<b>Service Development proposal reported to Scrutiny (7 November):</b>		
Creation of a Climate Change Reserve	£1,000,000	One-off
Leisure Services – Hermitage Recreation Ground Feasibility	£50,000	One-off
Cultural Services – Tourism Strategy	£20,000	3 years
Safer & Stronger – Expand the free scheme	£13,030	Ongoing
<b>Service Development Proposals identified post Scrutiny Meeting</b>		
Cultural Services – Timber Festival	£10,000	One-off
Property Services – Letting Agent	£9,530	Ongoing
Community Services – Tree Maintenance	£15,000	Ongoing
Community Services – Part Funding for Bardon Quarry Grants	£10,000	Ongoing
<b>Total</b>	<b>£1,127,560</b>	

## Other changes affecting the Net Cost of Services

Proposal Title	Amount	
Staffing increases as a result of incremental payments	174,410	
Staffing increases as a result of the Pay Award (budgeted at 2%)	296,800	
Staffing increases as result of pension changes	97,770	
Other Staffing increases (overtime, vacancy, change of hours)	77,420	
<b>Total Staffing Increases</b>		£646,400
De minimis budgetary changes (changes below £5k)		£57,166

## Funding Changes

Proposal Title	Amount	Movement	One-off / Ongoing
Reduction in forecast Collection Fund Surplus	£23,589	Funding reduction	Ongoing
Council Tax Growth as a result of growth in homes	-£126,547	Increased funding	Ongoing
New Homes Bonus growth as a result of growth in homes in District	-£301,923	Increased funding	Ongoing
Additional Business Rates funding as a result of increase in rates and anticipated business growth	-£494,529	Increased funding	Ongoing
<b>TOTAL</b>	<b>-£899,411</b>		

APPENDIX C

COMPARISON OF 2019/20 AND 2020/21 FEES AND CHARGES								
Chargeable Service	2019/20		2020/21				Basis for Change	Charging Policy
	Actual 2019/20	Notes	Estimates 2020/21	Increase/ (Decrease)	Percentage Change	Notes		
Appleby Magna Caravan Site Rent	£16,527	Rent: £33.05pw	£8,495	£219	2.60%	£33.91 per week from April 2020 an increase of 86p per week from 5 remaining residents	Proposed to increase costs by September RPI for 20/21	Business Development
Lifelines for private customers	£130,951	£4.08pw basic, £6.15pw enhanced 3.3% increase also proposed for all sensor elements	£134,356	£3,405	2.60%	£4.19pw Basic; £6.31pw Enhanced. 2.6% increase will also apply to all sensors	Proposed to increase charges by September RPI for 20/21.	Service development
Environmental Health – Licensing	£263,710	Fee varies between £3 and £64,000	£270,950	£7,240	Between 0% - 8.33%	Fee varies between £3 and £64,000	Increase in expenditure/ demand	Subsidised / Full Cost Recovery
Environmental Health – Health & Safety	£29,500	Fee varies between £4 and £140	£29,310	(£190)	Between 0% and 33%	Fee varies between £4 and £145	Increase in expenditure/ demand	Full Cost Recovery
Environmental Health – Border Post Inspection	£14,300	Fee varies between £20 and £184	£13,350	(£950)	Between 0% and 25%	Fee varies between £25 and £188	Demand	Full Cost Recovery
Environmental Health – Pest Control	£32,280	Fee varies between £10 and £200	£25,900	(£6,380)	Between -9% and 25%	Fee varies between £10 and £200	Demand/ change in delivery model	Subsidised / Full Cost Recovery

Chargeable Service	2019/20		2020/21				Basis for Change	Charging Policy
	Actual 2019/20	Notes	Estimates 2020/21	Increase/ (Decrease)	Percentage Change	Notes		
Leisure – Football Pitches	£11,390	Match prices: £27/£48 Team: £266/£480	£9,570	(1,820)	2.60%	Match prices: £28/£49 Team: £273/£492	Annual increase/demand	Subsidised
Leisure – Bowls Club	£980	£982	-	(£980)	2.65%	£1,008	Demand	Subsidised
Waste – Bulky Collections	£40,000	£24	£42,660	£2,660	4.17%	£25	To enable a breakeven position	Full Cost Recovery
Waste – Trade Refuse	£463,290	240l - £7.25 360l - £8.65 770l - £14.40 1100l - £15.55	£475,840	12,550	Between 3.45% - 4.17%	240l - £7.50 360l - £9.00 770l - £15.00 1100l - £16.15	To cover inflation increases	Full Cost Recovery
Waste – Trade Sacks	£7,010	£2.46 per sack (min 50 sacks)	£7,700	£690	9.76%	£2.70 per sack (min 50 sacks)	To cover inflation increases	Full Cost Recovery
Waste – Trade Recycling	£41,640	360l - £3.15 1100l – £5.25	£50,860	£9,220	4.76%	240l - £3.30 360l - £3.30 1100l - £5.50	To cover inflation increases	Full Cost Recovery
Waste – Taxi MOTs	£22,160	£40	£23,160	£1,000	2.5%	£41	To cover increase in costs	Profit Generating
Environmental Protection – Burial Fees	£61,890	Fees range from £65 - £1,305	£66,150	£4,170	5%	Fees range from £68 - £1,370	To cover increase in costs	Full Cost Recovery

	2019/20		2020/21				Basis for Change	Charging Policy
Chargeable Service	Actual 2019/20	Notes	Estimates 2020/21	Increase/ (Decrease)	Percentage Change	Notes		
Environmental Protection – New Market	£99,000	Stalls range from £18.40 - £66.60 per day	£115,000	£16,000	n/a due to new fee structure for the NewMarket	New fees for the New Market £17.50 - £40 per stall per day	Opening of the NewMarket	Profit Generating

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2020/21

2019/20 Budget £	2019/20 Forecast Outturn @P7 £	Service	2020/21 Budget £	2021/2022 Indicative £	2022/23 Indicative £	2023/24 Indicative £	2024/25 Indicative £
285,630	244,440	Chief Executive	266,160	273,260	280,480	287,880	295,180
659,160	644,000	Human Resources	631,390	641,060	655,260	669,280	683,900
1,339,580	1,275,540	Legal & Support Services	1,339,620	1,366,370	1,403,500	1,432,640	1,467,180
<b>2,284,370</b>	<b>2,163,980</b>	<b>Total Chief Executive's Department</b>	<b>2,237,170</b>	<b>2,280,690</b>	<b>2,339,240</b>	<b>2,389,800</b>	<b>2,446,260</b>
399,470	397,123	Strategic Director of Place	358,960	368,550	378,750	389,200	399,530
5,984,670	6,259,270	Community Services	6,197,360	6,293,150	6,229,710	6,154,990	6,227,160
391,160	383,320	Planning & Infrastructure	381,590	554,220	444,710	410,360	526,540
1,299,470	1,265,820	Economic Development	880,790	930,180	832,270	826,750	843,620
7,850	7,850	Joint Strategic Planning	11,500	11,740	11,980	12,220	12,470
<b>8,082,620</b>	<b>8,313,382</b>	<b>Total Director of Services</b>	<b>7,830,200</b>	<b>8,157,840</b>	<b>7,897,420</b>	<b>7,793,520</b>	<b>8,009,320</b>
533,310	534,780	Strategic Housing	530,600	552,380	567,140	581,720	596,660
170,770	224,830	Property Services	477,730	248,690	243,340	258,310	273,620
2,461,840	2,339,310	Customer Services	2,604,520	2,723,020	2,812,010	2,901,840	2,988,850
922,790	967,150	Finance	955,020	926,110	949,660	973,720	997,300
<b>4,088,710</b>	<b>4,066,070</b>	<b>Total Director of Housing &amp; Customer Services</b>	<b>4,567,870</b>	<b>4,450,200</b>	<b>4,572,150</b>	<b>4,715,590</b>	<b>4,856,430</b>
9,840	2,490	Non Distributed - Revenue Expenditure on Surplus Assets	15,740	16,000	16,280	16,560	16,840
77,510	123,820	Non Distributed - Retirement Benefits	77,760	79,340	80,950	82,590	84,270
35,520	34,330	Corporate & Democratic Core	39,440	38,070	41,130	39,630	42,550
(21,610)	0	Savings in corporate overheads as a result of leisure outsourcing less HRA element	0	0	0	0	0
0	0	Targeted savings in relation to J2SS	(570,000)	(895,000)	(1,120,000)	(1,245,000)	(1,270,000)
0	0	Climate Change Reserve	1,000,000				
<b>14,556,960</b>	<b>14,704,072</b>	<b>NET COST OF SERVICES</b>	<b>15,198,180</b>	<b>14,127,140</b>	<b>13,827,170</b>	<b>13,792,690</b>	<b>14,185,670</b>
(1,320,350)	(1,313,400)	Net Recharges from General Fund	(1,424,900)	(1,432,990)	(1,464,240)	(1,494,700)	(1,525,680)
<b>13,236,610</b>	<b>13,390,672</b>	<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>13,773,280</b>	<b>12,694,150</b>	<b>12,362,930</b>	<b>12,297,990</b>	<b>12,659,990</b>
		<b>CORPORATE ITEMS AND FINANCING</b>					
		<b>Corporate Income and Expenditure</b>					
1,092,590	1,092,590	Net Financing Costs	1,267,055	2,027,145	2,441,750	2,517,063	2,707,669
(188,450)	(236,841)	Investment Income	(190,800)	(131,877)	(124,383)	(117,482)	(109,902)
113,889	113,889	Localisation of Council Tax Support Grant - Parish & Special Expenses	88,696	63,503	63,503	63,503	63,503
470,000	517,000	Revenue Contribution to Capital (Marlborough Square)	0	0	0	0	0
<b>14,724,639</b>	<b>14,877,310</b>	<b>NET REVENUE EXPENDITURE</b>	<b>14,938,231</b>	<b>14,652,921</b>	<b>14,743,801</b>	<b>14,761,075</b>	<b>15,321,260</b>
161,090	326,783	Contribution to/(from) Balances/Reserves	846,909	11,567	(816,423)	(814,995)	(453,334)
<b>14,885,729</b>	<b>15,204,093</b>	<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>15,785,140</b>	<b>14,664,488</b>	<b>13,927,378</b>	<b>13,946,080</b>	<b>14,867,927</b>

2019/20 Budget £	2019/20 Forecast Outturn @P7 £	Service	2020/21 Budget £	2021/2022 Indicative £	2022/23 Indicative £	2023/24 Indicative £	2024/25 Indicative £
3,068,124	3,068,124	<b>Financed By</b>					
89,872	89,872	New Homes Bonus	3,370,047	1,887,419	891,117	0	0
5,340,657	5,340,657	Transfer from Collection Fund	66,283				
6,387,076	6,705,440	Council Tax	5,467,204	5,570,281	5,665,429	5,760,577	5,855,725
0		National Non-Domestic Rates Baseline	6,881,605	4,613,385	5,397,212	8,185,503	9,012,202
		Damping		2,593,403	1,973,619		
<b>14,885,729</b>	<b>15,204,093</b>	<b>TOTAL FUNDING AVAILABLE</b>	<b>15,785,140</b>	<b>14,664,488</b>	<b>13,927,378</b>	<b>13,946,080</b>	<b>14,867,927</b>

## SPECIAL EXPENSES DRAFT BUDGET SUMMARY

SPECIAL EXPENSES	2019/20		2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Forecast Outturn @ P7	Budget	Indicative	Indicative	Indicative	Indicative
	£	£	£	£	£	£	£
<b>COALVILLE</b>							
Parks, Recreation Grounds & Open Spaces	284,710	299,651	296,030	301,940	308,280	314,750	321,050
Broomley's Cemetery & Closed Churchyard	20,630	26,691	25,110	25,610	26,150	26,700	27,230
One Off Grants	2,000	2,000	2,000	2,000	2,000	2,000	2,000
CV Public Conveniences & Vehicle Activated Signs	3,510	3,200	3,620	3,690	3,770	3,850	3,920
Coalville Events	61,370	65,860	71,770	72,210	72,680	73,140	73,600
PPM	0	0	35,620	18,980	57,670	53,500	2,000
	<b>372,220</b>	<b>397,402</b>	<b>434,150</b>	<b>424,430</b>	<b>470,550</b>	<b>473,940</b>	<b>429,800</b>
<b>WHITWICK</b>							
Cemetery & Closed Churchyard	14,370	15,294	14,680	26,360	11,580	13,310	12,030
Cademan Wood car park	660	655	990	1,010	1,030	1,050	1,070
	<b>15,030</b>	<b>15,949</b>	<b>15,670</b>	<b>27,370</b>	<b>12,610</b>	<b>14,360</b>	<b>13,100</b>
<b>HUGGLESCOTE</b>							
Cemetery & Closed Churchyard	21,460	18,831	29,860	29,260	24,660	20,080	22,480
	<b>21,460</b>	<b>18,831</b>	<b>29,860</b>	<b>29,260</b>	<b>24,660</b>	<b>20,080</b>	<b>22,480</b>
<b>PLAY AREAS/CLOSED CHURCHYARDS GROUNDS MAINTENANCE:</b>							
OSGATHORPE	380	375	390	400	410	420	430
COLEORTON	3,490	3,488	16,120	3,820	6,900	3,980	4,060
RAVENSTONE	380	375	390	900	3,410	420	930
MEASHAM	1,990	1,988	2,050	2,090	5,130	2,170	2,210
LOCKINGTON-CUM-HEMINGTON	1,960	1,955	2,020	2,060	2,100	10,140	2,180
OAKTHORPE & DONISTHORPE	4,050	4,052	4,330	4,410	4,500	4,590	4,680
STRETTON	1,420	1,423	1,470	1,500	1,530	8,560	1,590
APPLEBY MAGNA	1,710	1,712	1,760	11,800	1,840	1,880	1,920
<b>OTHER SPECIAL EXPENSES</b>	<b>15,380</b>	<b>15,368</b>	<b>28,530</b>	<b>26,980</b>	<b>25,820</b>	<b>32,160</b>	<b>18,000</b>
<b>SPECIAL EXPENSES (NET COST OF SERVICE)</b>	<b>424,090</b>	<b>447,550</b>	<b>508,210</b>	<b>508,040</b>	<b>533,640</b>	<b>540,540</b>	<b>483,380</b>
Service Management recharges/Admin Buildings	111,540	111,540	118,480	120,880	123,400	125,930	128,440
<b>NET COST OF SERVICES AFTER RECHARGES</b>	<b>535,630</b>	<b>559,090</b>	<b>626,690</b>	<b>628,920</b>	<b>657,040</b>	<b>666,470</b>	<b>611,820</b>
Contribution to/(from) Balances/Reserves	4,074	(19,386)	(11,471)	(21,049)	(33,321)	(6,152)	75,260
<b>MET FROM GOVT GRANT &amp; COUNCIL TAX (Budget Requirement)</b>	<b>539,704</b>	<b>539,704</b>	<b>615,219</b>	<b>607,871</b>	<b>623,719</b>	<b>660,318</b>	<b>687,080</b>
<b>FUNDED BY:</b>							
Precept	476,201	476,201	511,710	550,187	591,967	637,442	687,080
Localisation of Council Tax Support Grant	63,503	63,503	63,503	47,627	31,752	15,876	0
Asset Protection/External Contributions	0	0	40,006	10,057	0	7,000	0
	<b>539,704</b>	<b>539,704</b>	<b>615,219</b>	<b>607,871</b>	<b>623,719</b>	<b>660,318</b>	<b>687,080</b>

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<b>Title of Report</b>	<b>2020/21 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Corporate Scrutiny Committee Draft Minutes – 7 November 2019</a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	The report in appendix 1 sets out the budget for the Housing Revenue Account in 2020/21, and plans to deliver a surplus of £2.5m over the course of the year.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To receive comments on the draft Housing Revenue Account (HRA) budget proposals for 2020/21.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE PROVIDE ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY 2020 TO CONSIDER THE BUDGET REPORT AND RECOMMEND ITS PROPOSALS TO COUNCIL ON 25 FEBRUARY 2020.</b>	

## 1. BACKGROUND

- 1.1 The Housing Revenue Account (HRA) Budget Proposals for 2020/21 were presented to the Cabinet for approval for consultation at its meeting on 10 December 2019. The consultation will commence on 18 December and include resident involvement groups and wider public consultation via our website and social media platforms. The consultation will end on 4 February with results being fed back to Cabinet on the same day.
- 1.2 The Corporate Scrutiny Committee (the Committee) is invited to consider the proposals and provide any comments to Cabinet to take into account when it agrees its final recommendations on 4 February 2020. Separate reports appear on this agenda covering the General Fund and Special Expenses revenue budget proposals, the Capital Programmes and the Medium Term Financial Plans.
- 1.3 The Committee had early sight of the larger proposed changes to budgets on 7 November 2019. The budget report, attached in Appendix 1, presents the complete draft HRA budget, including changes to staff costs, the revenue contribution to capital outlay required to fund the capital programme and all de minimis changes. Section 7 of the budget report explains how the views of the Committee have been reflected. Any additional budget proposals not previously seen by the Committee in November have been marked with an asterisk in appendix B of the HRA budget report. All are budget savings that have been identified as we have finalised the draft budget.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The HRA budget mainly assists the “local people live in high quality, affordable homes” priority. There are also links to the value for money priority.
Policy Considerations:	This budget sets out our rent policy for 2020/21, in line with the proposed national rent increase formula.
Safeguarding:	No issues
Equalities/Diversity:	No issues
Customer Impact:	<p>The majority of our tenants will be impacted by the increase in rents set out within the report in appendix A.</p> <p>The budget also ensures that our Housing service is sufficiently resourced to be a good landlord.</p>
Economic and Social Impact:	No issues
Environment and Climate Change:	<p>The budgets set out in appendix A do not reflect the climate emergency declared by the Council in May 2019. This is because officers are still building up an understanding of how we can respond most effectively.</p> <p>We consider the HRA budgets to have sufficient flexibility to absorb additional costs during the year to start this work when completed.</p>
Consultation/Community Engagement:	<ul style="list-style-type: none"> <li>• Corporate Leadership Team (CLT).</li> <li>• Housing and Property Services Portfolio Holder</li> <li>• Corporate Scrutiny Committee.</li> </ul>
Risks:	The Council sets a HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.
Officer Contact	<p>Tracy Bingham  Head of Finance and Section 151 Officer  <a href="mailto:Tracy.bingham@nwleicestershire.gov.uk">Tracy.bingham@nwleicestershire.gov.uk</a></p>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 10 DECEMBER 2019



<b>Title of Report</b>	<b>DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2020/21</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#"><u>Corporate Scrutiny Committee Draft Minutes – 7 November 2019</u></a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	This report sets out the budget for the Housing Revenue Account in 2020/21, and plans to deliver a surplus of £2.5m over the course of the year.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek approval of the draft 2020/21 Housing Revenue Account (HRA) Budget proposals for consultation.	
<b>Reason for Decision</b>	To enable the Council to set a balanced Housing Revenue Account Budget for 2020/21.	
<b>Recommendations</b>	<p><b>THAT CABINET:</b></p> <p><b>A. NOTE THE ASSURANCE STATEMENT BY THE S151 OFFICER; AND</b></p> <p><b>B. APPROVE THE DRAFT HRA BUDGET PROPOSAL, INCLUDING THE 2.7% RENT INCREASE, AS DETAILED IN THIS REPORT AND ASSOCIATED APPENDICES FOR CONSULTATION</b></p>	

## 1.0 INTRODUCTION

- 1.1 This report seeks Cabinet approval to consult on the draft Housing Revenue Account (HRA) budget proposals for 2020/21, with the outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget.
- 1.2 The formal consultation process adheres to the same consultation timetable as the General

Fund and will commence on 18 December 2019 and end on 4 February 2020 in readiness for Cabinet and Full Council approval of final proposals on 4 and 25 February 2020 respectively. In addition to the standard consultation with tenants, this year's consultation process has been enhanced and will now also include features of the draft budget being made publicly available via the Council's website for consultation.

## 2.0 2019/20 BUDGET POSITION

2.1 We budgeted for a surplus in 2019/20 of £1.4m. By the end of October 2019, we were forecasting a surplus of £1.7m, an increase in surplus of £296k over budget. The main causes of this surplus are:

- Reduced expenditure on a painting programme of £100k.
- Savings of £90k on utility costs, such as council tax, gas and electricity.
- Lower than anticipated responsive repair costs, saving £50k.
- Net staff savings of £84k.

2.2 As a result the balance on the Housing Revenue Account at 31 March 2020 is forecast to be £16.0m. This balance includes £13.0m for to repayment our loans that fall due in 2022, and a £1.0m working balance for the HRA. The remaining £2.0m are reserves available to use flexibly, following Cabinet's decision last year to stop automatically using surpluses for debt repayment. This could be used for additional capital improvement works, new housing stock, service improvements or the repayment of debt. We will initially place this in the debt repayment reserve and dip into it when we need to fund new projects.

## 3.0 2020/21 BUDGET OVERVIEW

3.1 The 2020/21 HRA budget is based upon the 2019/20 budget, with adjustments to reflect the known and anticipated changes for 2020/21. The proposed 2020/21 budget is set out in Appendix A, and budgets for a net surplus of £2.5m. Appendix B lists all changes to revenue budgets over £5k, which includes £201k of service developments or cost increases and £819k of savings or increases in income.

3.2 The HRA also provides funding for the Housing Capital Programme, which is covered in section 5 of the accompanying Capital Report. This happens in two ways: firstly through the transfer for depreciation to the major repairs reserve, which is used to fund our Home Improvement Programme; the second is a revenue contribution to capital outlay (RCCO), which can be used to fund any part of the capital programme. The major repairs allowance is stable at £3.1m, but the RCCO varies based on need. For 2020/21 we have budgeted for a £1.3m RCCO in order to fund the wider capital programme.

## 4.0 2020/21 INCOME BUDGETS

### Rents

4.1 The Ministry for Housing, Communities and Local Government (the Ministry) sets how much we can change our rents by each year. For the past four years we have been directed to cut rents by 1% per year, which has seen our rental income reduce by £500k between 2015/16 and 2019/20. For 2020-21, the Ministry is allowing rents to be increase by 1% more than inflation, which means an increase of 2.7% for next year.

4.2 In this year's budget we are proposing to increase our rents by this full amount. This will help the Council to recover some of the lost income as a result of four years of 1% cuts to rents, which contributed to our rental income falling from £17.5m in 2015/16 to £17.1m in

2018/19.

- 4.3 This will increase the average rent on our social rent properties by £2.16 per week, to £82.36. This is still below the average figure in 2015/16, which was £83.18. Rents for our affordable properties, which are set at the lower of the Local Housing Allowance rate or 80% of market value for the property, will rise on average by £2.74 to £109.37 per week. This is a slightly lower increase in percentage terms of 2.6%, which is caused by the Local Housing Allowance only increasing by inflation, which affects some properties.
- 4.4 As a result of these changes we expect rental income to increase by £317k.
- 4.5 Around a quarter of our tenants will have this increase covered by housing benefit or universal credit. Another quarter have part of their rent covered by one of these benefits, so in practice they will not be affected by the full 2.7% increase. The remaining 47% of tenants are not in receipt of benefits to pay their rent, so will be expected to pay the full 2.7% increase.

## **Fees and Charges**

- 4.6 In addition to our rents we set a number of fees and charges for additional services we provide tenants. This can range from service charges for items such as communal heating, communal lighting, maintenance of communal areas and the older persons service charge, to additional services such as garage rental. In September 2019 Cabinet approved a new corporate charging policy, which states that we should look to make a profit for the fees and charges where we are able to do so.
- 4.7 Appendix C and D sets out the planned changes to housing fees and charges this year, as a result of the charging policy and changes to our expected costs. The largest changes are:
- Reducing electricity and gas charges by 10%, as a result of falling expenditure in these areas.
  - Increasing rents for shops by 14%, as in previous years to reflect the fact they have been significantly under market rates for a number of years.
  - Increasing the service charges for servicing fire extinguisher servicing by 18.3%, as our costs are significantly above what we have been charging. Whilst the percentage increase is large, the actual income increase is small – rising rise from £718 to £850 across all our properties.
- 4.8 Our fees and charges will fall by an average of 0.96% in 2020/21, reducing our expected income by £8k. This includes our service charges, which are one particular type of fee and charge, and are designed to recover costs rather than generate a profit. They are due to go up by an average of 0.44%, resulting in £2.5k additional income.

## **5.0 2020/21 EXPENDITURE BUDGETS**

- 5.1 We have increased our repairs and maintenance budget by £148k to £5.5m, with the main changes being:
- An additional £25k on our repairs budgets to reflect cost inflation and historic under-provision within the budget.

- Increasing the budget for minor aids and adaptations by £13.5k to £70k to reflect demand.
- An additional £58k to fund a programme of asbestos surveys on our properties, bringing the total budget up to £70k.

5.2 Our In-house Repairs Team have a trading account for the work they complete repairing and improving our homes. We have changed how we account for this work in this year's budget, which affect a number of individual budgets but results in no overall change to the budget position. We have also budgeted for the costs of delivering the Home Improvement Programme in the trading account. This means for 2020-21 we expect the net surplus (after overheads) to be £329k. We have also included £10k to commission a value for money review of the In-house Repairs Team's delivery of the Home Improvement Programme.

5.3 The cost of managing our properties is expected to fall by £30k to £2.6m. The main cause of these decreases is the reduction on utility costs, with the budget for gas and electricity costs falling by £38.5k and the council tax budget falling by £50k, following the demolition of two former sheltered housing schemes; Woulds Court and Queensway House. We also anticipate a saving of £19k on our cleaning contract.

5.4 Across all our HRA budget lines we expect routine salary costs of existing staff to decrease by £165k. This is because the temporary team delivering the new housing IT system will revert back to their original roles, reducing the staff numbers within the Housing Revenue Account.

HRA staff changes	Amount (£'000)		One-off / Ongoing
Staffing increases as a result of incremental payments	48		
Staffing increases as a result of the Pay Award (budgeted at 2%)	60		
Staffing increases as result of pension changes	21		
Other Staffing increases (overtime, vacancy, change of hours)	(293)		
<b>Total Staffing Increases (excluding New Posts)</b>		(164)	Ongoing

5.5 The 2020/21 budget includes provision for three new posts, which are not included in the table above. The total cost of these three posts are expected to be £93k and will provide:

- **An additional staff member on a 12 month contract to support delivery of the Home Improvement Programme.**
- **An officer to help manage the new housing IT system and ensure we get the most out of the new functionality it offers.**
- **A new support officer to increase our capacity to support our elderly and vulnerable tenants, as well as completing important compliance requirements.**

5.6 Other savings that affect all areas are £46k from reducing running costs from the new IT system, £9k saving on a contribution to a homelessness grant that is no longer in place and

£8k in one-off savings as a result of our control centre having a new IT system with a one year warranty, which reduces our maintenance cost for next year.

## **Capital Programme**

- 5.7 Our transfer to the Major Repairs Reserve is stable at £3.1m, but the Revenue Contribution to Capital Outlay (RCCO) varies based on need. For 2020/21 we have budgeted for a £1.3m RCCO in order to fund the wider capital programme.
- 5.8 The RCCO funds a new £250k pilot project to regenerate one of our existing estates in order to improve the aesthetics and promote the council's wider corporate priorities. Full details of this and our other HRA capital expenditure plans can be found in the Draft Capital Programmes report on the same agenda as this paper.

## **Financing Costs**

- 5.9 We have budgeted £3.4m to pay for our debt. Of this, £2.2m will pay our interest costs and £1.2m is repayment of two annuity loans.

## **Journey to Self Sufficiency Programme**

- 5.10 The revised approach and ethos of the Council's Journey to Self-Sufficiency Programme is to enhance the cost-effectiveness of the council's activities in spite of, rather than because of, a negative financial outlook where one exists. This new approach builds on the 'One Team, One Council' approach to make the most of resources and reinvestment opportunities and being the best Council we can possibly be across all services.

To ensure that our tenants also benefit from wider corporate work that is looking to reduce our costs or increase our income, our Housing service has targeted to deliver savings or additional income that increases our net operating surplus by £225k in 2020/21. These savings will remain within the HRA and targeted savings have also been included in the medium term financial plan for future years.

## **Surpluses for the year**

- 5.11 The net result of these changes is that we are budgeting for a £2.5m surplus on the Housing Revenue Account in 2020-21. We intend to put the surplus into the debt repayment reserve and draw on it if required for future projects, such as New Supply. Section 4 of the accompanying medium term financial plan report provides more detail on our use of surpluses.
- 5.12 However, there is currently no allowance within this budget for work to reduce our carbon emissions following Council's declaration of a climate emergency in May 2019. This is because officers are still working to understand how we can respond most effectively. We consider the HRA budgets to have sufficient flexibility to absorb additional costs during the year to start the work when completed.

## **6.0 HRA MEDIUM TERM FINANCIAL PLAN**

- 6.1 The HRA Business Plan is supported by a 30-year financial model that estimates what will happen to the HRA's financial position. It is used to support strategic decision making, such as how to manage our debt and how much to invest in our capital programme. The model is based on a number of assumptions, which have all been subjected to detailed review over

the past year to ensure that they remain prudent and in line with best practice, more detail on these changes can be found in section 4 of the accompanying Medium Term Financial Strategy Report.

6.2 The revisions made have led to a significant improvement in the 30 year financial outlook for the HRA. We now anticipate being able to repay the loans taken out in 2012 as part of the HRA self-financing agreement, which are detailed in Appendix E.

6.3 The model is, however, very sensitive to small changes in assumptions and Finance will continue to be reviewed every 6 months to ensure they remain realistic.

## 7.0 **CONSULTATION PROCESS**

7.1 In a change to previous years, Corporate Scrutiny Committee has already reviewed the planned changes to budgets at a meeting on 7 November 2019. The Committee discussed the proposed rent increase, with concern being raised as to whether they were affordable for tenants. The average rent paid by tenants will remain below the average rents in 2014/15, which was before four years of 1% rent decreases, so we have made no changes to this budget as a result. We will seek tenant's views on the rent increases through the budget consultation period and report back to Cabinet in February. A link to the draft minutes to the meeting is provided in the background papers section on page one of this report.

7.2 There was also discussion about creating a company to protect some of our properties from right to buy. This will be a key focus of the new Strategic Director of Housing, Customer Service and Finance in the New Year.

7.3 We are now looking for Cabinet's approval to consult more widely on contents of this report and its appendices. In doing so we will consult with:

- Tenants, through the Performance and Finance Working Group (the Council's Resident Involvement technical finance working group) and by writing to all tenants involved within resident involvement.
- Tenants and Leaseholders Consultation Forum (the Council's main consultative body of tenants)
- Wider public consultation, using the Council's website and twitter accounts.

We will also return to the Corporate Scrutiny Committee on 8 January 2020 to allow the committee scrutinise the latest budget position.

7.4 A copy of the consultation timetable can be found in Appendix F.

## 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 2020/21 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 are adequate.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The HRA budget mainly assists the “local people live in high quality, affordable homes” priority. There are also links to the value for money priority.
Policy Considerations:	This budget sets out our rent policy for 2020/21, in line with the proposed national rent increase formula.
Safeguarding:	No issues
Equalities/Diversity:	No issues
Customer Impact:	The majority of our tenants will be impacted by the increase in rents set out within this report.  The budget also ensures that our Housing service is sufficiently resourced to be a good landlord.
Economic and Social Impact:	No issues
Environment and Climate Change:	These budgets do not reflect the climate emergency declared by the Council in May 2019. This is because officers are still building up an understanding of how we can respond most effectively.  We consider the HRA budgets to have sufficient flexibility to absorb additional costs during the year to start this work when completed.
Consultation/Community Engagement:	<ul style="list-style-type: none"> <li>• Corporate Leadership Team (CLT).</li> <li>• Housing and Property Services Portfolio Holder</li> <li>• Corporate Scrutiny Committee.</li> </ul>
Risks:	The Council sets a HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.
Officer Contact	Tracy Bingham Head of Finance and Section 151 Officer 01530 454 707 <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

**APPENDIX A**

HOUSING REVENUE ACCOUNT SUMMARY	2019/2020		2020/2021
	Budget £	Forecast (p7) £	Estimate £
1. TOTAL REPAIRS & MAINTENANCE	5,365,350	5,174,040	5,513,550
SUPERVISION & MANAGEMENT			
2.    General	2,134,230	2,024,930	2,080,140
3.    Special / Supporting People	559,550	548,640	583,620
4.	2,693,780	2,573,570	2,663,760
5. PROVISION -DOUBTFUL DEBTS	100,000	100,000	100,000
6. CAPITAL FINANCING:-			
7.    Depreciation - MRA & other	3,139,190	3,139,190	3,139,190
8.    Debt Management Expenses	2,750	2,750	2,750
9. TOTAL CAPITAL FINANCE COSTS	3,141,940	3,141,940	3,141,940
10. IN-HOUSE REPAIRS TEAM NET (SURPLUS)/DEFICIT	See note 1	See note 1	(328,800)
11. DEPARTMENTAL ADMINISTRATION	0		108,010
<b>12. TOTAL EXPENDITURE</b>	<b>11,301,070</b>	<b>10,989,550</b>	<b>11,090,450</b>
13. RENT INCOME			
14.    Dwellings	17,009,750	17,013,120	17,326,390
15.    Service Charges	553,070	515,930	556,770
16.    Garages & Sites	65,920	62,000	65,920
17.    Other	20,120	19,060	23,120
<b>18. TOTAL INCOME</b>	<b>17,648,860</b>	<b>17,610,110</b>	<b>17,972,200</b>
<b>19. NET COST/(SURPLUS) OF SERVICES</b>	<b>-6,347,790</b>	<b>-6,620,560</b>	<b>-6,881,750</b>
<b>20. J2SS Cost Savings/Income increases</b>	<b>0</b>		<b>-225,000</b>
21. CAPITAL FINANCING - HISTORICAL DEBT	125,000	125,000	125,000
22. CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
23. INVESTMENT INCOME	-108,550	-124,550	-109,900
24. PREMATURE LOAN REDEMPTION PREMIUMS	7,060	0	0
<b>25. TOTAL DEBT FINANCING COSTS</b>	<b>3,280,680</b>	<b>3,257,620</b>	<b>3,272,270</b>
<b>26. NET OPERATING EXPENDITURE/(SURPLUS)</b>	<b>-3,067,110</b>	<b>-3,362,940</b>	<b>-3,834,480</b>
27. REVENUE CONTRIBUTION TO CAPITAL	1,700,000	1,700,000	1,334,000
28. DEPRECIATION CREDIT	(50,730)	(50,730)	0
28.	1,649,270	1,649,270	1,334,000
<b>29. NET (SURPLUS) / DEFICIT</b>	<b>-1,417,840</b>	<b>-1,713,670</b>	<b>-2,500,480</b>
HRA BALANCES			
30. Balance Brought Forward	-1,272,099	-1,272,099	-1,272,099
31. (Surplus)/Deficit for Year	-1,417,840	-1,713,670	-2,500,480
32. Transfer to Loan Repayment Reserve	1,417,840	1,713,670	2,500,480
33. HRA General Balance as at year end	-1,272,099	-1,272,099	-1,272,099
34. Loan Repayment Reserve balance	-13,000,000	-14,713,670	-17,214,150

Note 1: This is the first year we have presented the In-house repairs team surplus in this way, so there is no comparable figure for 2019/20

## HRA Budget Proposals over £5,000

## APPENDIX B

\* Denotes a proposal that has not gone to Corporate Scrutiny Committee

Reason for changing the budget	Proposal	One-off recurring	Council priority	Investment/ (Saving) Amount
<b>Cost Pressures</b>	Inflationary increase to our responsive repairs budget	Recurring	High Quality Affordable Homes	£25,000
	An additional post to support delivery of the Home Improvement Programme for 12 months.	One-off	High Quality Affordable Homes	£29,000
	Increasing aids and adaptation revenue budget to match demand.	Recurring	High Quality Affordable Homes	£13,500
	Additional investment in asbestos surveys across our stock.	Recurring	High Quality Affordable Homes	£58,000
<b>Increase/ Decrease in Income</b>	Increase in rental income	Recurring	High Quality Affordable Homes	-£317,000
	*Net increase in income from the In-House Repairs team trading account.	Recurring	Value for money	£-331,700
<b>Service Development</b>	Commission a Value for Money Review of the IRT delivery of the HIP program during Q2 of 2020/21	One-off	Value for money	£10,000
	Additional staff member to meet increased compliance requirements and increased contact with support customers	Recurring	Safe, Healthy & Connected Communities	£31,000
	Contractual savings from the new Housing IT system.	Recurring	High Quality Affordable Homes	-£46,200
	Additional post to manage the new Housing IT system.	Recurring	High Quality Affordable Homes	£35,000
<b>Budget Saving</b>	Our electricity costs are expected to fall.	Recurring	Value for money	-£20,000
	Our gas costs are expected to fall.	Recurring	Value for money	-£18,500
	Reduction in our council tax liability as a result of long-term empty homes being demolished.	Recurring	Value for money	-£50,000
	* Savings on cleaning costs	Recurring	Value for money	-£19,000
	* Reduction in HRA contribution to homelessness grants	Recurring	Value for money	-£9,000
	* Maintenance savings resulting from a new system being under warranty.	One-Off	Value for money	-£8,000

APPENDIX C

COMPARISON OF 2019/20 AND 2020/21 HOUSING CHARGES								
APPENDIX C								
Chargeable Service	2019/20		2020/21			Notes	Basis for Change	Charging Policy
	Actual 2019/20	Notes	Estimates 2020/21	Increase/ (Decrease)	Percentage Change			
Service Charges	£566,081	See Appendix D	£568,559	£2,478	0.44%	See Appendix D	Based on assessment of all chargeable services	Full Cost Recovery
Central Heating	£84,550	0 Bed: £6.97pw 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	£76,095	£-8,455	-10.00%	0 Bed: 6.27pw 1 Bed: £7.57pw 2 Bed: £8.68pw 3 Bed: £9.99pw	Based on revised estimate of usage and forecast energy prices for 2020/21.	Full Cost Recovery
Garage & Garage Site Rent	£72,761	Garage: £6.91 per week Garage Site: £4.43 per week	£66,654	£-6,107	2.60%	Garage: £7.09 per week Garage Site: £4.54 per week	Charges increasing by September 2019 RPI, but number of occupied garages decreasing.	Profit generating
Shop Leases	£21,186	Varies by location	£24,152	£2,966	14.00%	Varies by location	Average 14% increase for 10 years based on Nov 2014 Cabinet Report	Profit generating
Tenants Contents Insurance	£51,961	Premiums from £0.28 to £6.23 per week	£51,961	£0	0.00%	Premiums from £0.28 to £6.23 per week	No increases this year.	Profit generating
Lifelines (East Midlands Housing Association)	£41,829	Various depending on scheme but average increase from £2.99 to £3.09 per week	£42,917	£1,088	2.60%	Various depending on scheme but average increase from £3.07 to £3.18 per week	September 2019 RPI increase in line with other years	Service development
<b>Total Services</b>	<b>£838,368</b>		<b>£830,338</b>	<b>£-8,030</b>	<b>-0.96%</b>			

Housing Service Charges

APPENDIX D

COMPARISON OF 2019/20 AND 2020/21 SERVICE CHARGES

Chargeable Service	2019/20	2020/21			Comments
		Estimates 2020/21	Increase/ (Decrease)	Percentage Change	Basis of Increase/(Decrease)
Cleaning of shared/common parts	£64,470	£65,759	£1,289	2.00%	Contractual inflationary increase.
New Cleaning Contract Blocks	£29,686	£30,280	£594	2.00%	Contractual inflationary increase.
Repairs to shared/common parts	£4,755	£4,755	£0	0.00%	Continuation of freeze of these costs since 2018/19.
Grounds maintenance of shared/common parts	£106,782	£109,985	£3,203	3.00%	Assumed inflationary increase.
Utility costs of shared/common parts (Electricity)	£77,420	£69,678	-£7,742	-10.00%	Decrease as a result of planned budgetary savings.
Door entry systems	£1,584	£1,565	-£19	-1.19%	Based on falling actual costs.
Repairs and replacement of items in laundry room	£22,343	£22,790	£447	2.00%	Contractual inflationary increase.
Repair and replacement of items in common room/kitchen	£599	£623	£24	4.00%	Based on analysis of actual costs.
Support Officer checks in Schemes including fire alarms	£6,258	£6,383	£125	2.00%	Proposal to extend checks to include legionella testing and emergency lighting checks weekly.
Servicing of fire extinguishers	£718	£850	£132	18.30%	Based on average of past 6 years actual charges
Maintenance of Control Centre link equipment	£34,028	£34,709	£681	2.00%	Contractual inflationary increase.
Older Persons Service Charge	£157,450	£161,544	£4,094	2.60%	2.8% RPI increase based on August RPI figure weekly charge to increase from £3.09 to £3.17 per week
Administration fee	£53,300	£52,950	-£350	0%	15% of chargeable services
<b>Total Services</b>	<b>£559,393</b>	<b>£561,871</b>	<b>£2,478</b>	<b>0.44%</b>	

**NWLDC Housing Revenue Account Loan Schedule**

**NWLDC - HRA Self Financing loans taken up 26/03/12**

**PAYMENT PROFILE - PRINCIPAL AND INTEREST**

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

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

## HRA Consultation and Budget Timetable

<b>Date</b>	<b>Group</b>	<b>Information</b>
28 October 2019	Tenants and Leaseholder Consultation Forum	Presented the high level budget considerations and the impact they may have on the Medium Term Financial Plan.
7 November 2019	Corporate Scrutiny Group	Reviewed detailed service developments within the budget.
10 December 2019	Cabinet	Approval of draft budget for wider consultation
12 December 2019	Tenant's Performance and Finance Working Group	Consideration of the draft budget and Medium Term Financial Plan
Mid - December	Public	Publication of draft Budget and invitation for comments on the Council's website
January	Public	Social media campaign to promote responses
27 January 2020	Tenants and Leaseholder Consultation Forum	Formal consideration of the draft budget and Medium Term Financial Plan
4 February 2020	Cabinet	Approval of Budget to go to Council.
25 February 2020	Council	Approval of Budget

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<b>Title of Report</b>	<b>2020/21 – 2024/25 DRAFT CAPITAL PROGRAMMES</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>		<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	Financial issues are contained within the appended Cabinet report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To receive comments on the draft General Fund and Housing Revenue Account Capital Programmes 2020/21 to 2024/25.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE PROVIDE ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY 2020 TO CONSIDER THE CAPITAL PROGRAMME AND RECOMMEND ITS PROPOSALS TO COUNCIL ON 25 FEBRUARY 2020.</b>	

**1. BACKGROUND**

- 1.1 The draft Capital Programme 2020/21-2024/25 was presented to the Cabinet for approval for consultation at its meeting on the 10 December 2019.
- 1.2 The Corporate Scrutiny Committee is invited to consider the proposals and provide any comments to Cabinet to take into account when it agrees its final recommendations to 4 February 2020. Separate reports appear on this agenda covering the Council's draft General Fund and Housing Revenue Account Budget proposals and the Medium Term Financial Plans.
- 1.3 Further details are included in the attached Cabinet report (Appendix 1).

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	None
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Council tenants will be impacted by council home improvements. Residents will benefit from improved leisure facilities within the district and other improved assets.
Economic and Social Impact:	Not applicable
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve or through additional revenue contribution to capital outlay on the HRA.
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 10 DECEMBER 2019



<b>Title of Report</b>	<b>2020/21 - 2024/25 DRAFT CAPITAL PROGRAMMES</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Corporate Scrutiny Committee Draft Minutes – 7 November 2019</a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	The Draft General Fund Capital Programme for 2020/21 is £12.7m. The majority of the new investment is the redevelopment of Appleby Magna Caravan Park and the bridge works for the new Coalville Leisure Centre.	
	The Draft Housing Revenue Account Capital Programme for 2020/21 is £12.7m. The two main schemes are the Home Improvement Programme and the New Supply programme.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To advise Members of the likely Capital Outturn and the relevant financing for 2019/20 for the General Fund and the Housing Revenue Account.  To seek approval to the Draft General Fund and HRA Capital Programmes for 2020/21 and to note indications for future years and associated funding for consultation.	
<b>Reason for Decision</b>	To enable projects to be included in the Programmes for consultation.	
<b>Recommendations</b>	<p>1) <b>THAT THE ESTIMATED GENERAL FUND AND HRA CAPITAL OUTTURN FOR 2019/20 AND PLANNED FINANCING BE NOTED AT APPENDICES A AND B</b></p> <p>2) <b>THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2020/21 DETAILED IN:</b></p> <ul style="list-style-type: none"> <li>• <b>APPENDIX A – GENERAL FUND CAPITALS SCHEMES</b></li> <li>• <b>APPENDIX B – HRA CAPITAL SCHEMES</b></li> </ul> <p><b>AND IN 2021/22, THESE SCHEMES ONLY:</b></p>	

	<ul style="list-style-type: none"> <li>• <b>£755,000 FOR THE VEHICLE REPLACEMENTS AS DETAILED IN PARAGRAPHS 3.8</b></li> </ul> <p><b>3) THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES IN RESPECT OF VEHICLES, EQUIPMENT AND PLANT AND DELEGATES THE AUTHORITY TO AWARD THESE CONTRACTS AND ANY ASSOCIATED AGREEMENTS FURTHERANCE OF THE PROJECT TO THE STRATEGIC DIRECTOR OF PLACE IN CONSULTATION WITH THE PORTFOLIO HOLDER, SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2020.</b></p>
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## 1.0 INTRODUCTION

- 1.1 By Regulation, all local authorities are required to have regard to the Prudential Code when setting their Capital Programmes. The core objectives of the Code are to ensure that Capital schemes are 'Affordable, Prudent and Sustainable'. This is reviewed in conjunction with both the Capital Strategy and the Treasury Management Strategy Statement (TMSS) which contains indicators that evidence compliance with the Code. These strategies will be presented to members with the budget in February 2020.
- 1.2 As part of the process of effectively assessing property items for inclusion in the capital programme, the Council has collated a Planned Preventative Maintenance (PPM) Schedule that prioritises works based on a matrix scoring system. Items of a capital nature that are essential have been included in the capital programme in 2020/21.
- 1.3 Appendix A shows the General Fund estimated outturn for 2019/20 and the proposed Capital Programme for 2020/21 to 2024/25.
- 1.4 There are no Special Expenses estimated for 2020/21.
- 1.5 Appendix B shows the H.R.A. estimated outturn for 2020/21 and the proposed Capital Programme for 2021/22 to 2024/25.

## 2.0 GENERAL FUND - ESTIMATED OUTTURN 2019/20

- 2.1 The projected outturn for 2019/20 on General Fund schemes total £5.4m. This is a decrease in the year of £7.3m, against the original budget of £12.7m.
- 2.2 This managed decrease is caused by the following:

	£	£
<b>Original Budget 2019/20</b>		<b>12,708,590</b>
<b>Approved Schemes carried forward from 2018/19 and 2019/20 approved virements</b>		
Finance System Review	100,000	
District Car Park - LED Lighting Replacement	25,000	
Linden Way Depot – Welfare Facilities	95,250	
Moira Furnace – Masonry, Drainage, Upgrades, Bridge works	170,000	
Council Offices – Fire Alarm and COTAG Door System	104,750	
Council Offices – Lift Works	30,000	

Memorial Clock Tower	13,012	
Marlborough Square	1,743,286	
New Market Provision	291,790	
Wi-Fi Scheme (IT)	66,029	
Disabled Facility Grants	74,114	
Refuse Vehicles and Refuse Kerbsider (reduced carry forward)	(153,960)	
LAN Switches (transferred to revenue)	(15,500)	
Whitwick Business Centre - Replace Lighting with LED	(369)	
Council Offices – Lift work (underspend)	(100,000)	
<b>Total (increase to 2019/20 budget)</b>		<b>2,443,402</b>
<b>Less Planned Slippage in 2019/20 carried forward to 2020/21</b>		
New Leisure Centre Coalville - £7.3m to be carried forward to future years. Construction work is scheduled to commence on site from July 2020. Bridge and access works will start from February 2020. The overall project completion is now programmed for March 2022 (from August 2021). Additional funding to cover the cost of installation of the bridge required to access the site from the A511 has been included at £400k.	(7,296,912)	
The revised projected expenditure cash flow is:- Year 1 2019/20 £1,699,088 Year 2 2020/21 £13,356,000 Year 3 2021/22 £8,516,912		
Moira Furnace - Masonry, Drainage, Upgrades, Bridge works	(195,000)	
Council Offices – Replace obsolete parts to consumer units	(75,000)	
Council Offices – Replacement LED Lighting Stenson/Main build	(35,000)	
Council Offices – Insulate roof space to building	(30,000)	
Council Offices – Main Building upgrades of walkways, glazing	(250,000)	
Marlborough Square	(1,673,000)	
Finance System Review	(100,000)	
Appleby Magna Caravan Site	(100,000)	
<b>Total (decrease to 2019/20 budget)</b>		<b>(9,754,912)</b>
<b>Indicative Outturn 2019/2020</b>		
		<b>5,397,080</b>

2.3 The total planned financing of the General Fund expenditure totalling £5.4m for 2019/20 is broken down in the table below:-

	£
Disabled Facilities Grant	670,314
S106 Contributions	831,000
Revenue Contributions to Capital	28,440
Capital Receipts	34,037
Other Reserves	574,486
Grants	33,012
Unsupported Borrowing – Internal	3,225,791
<b>Total</b>	<b>5,397,080</b>

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

2.5 The ‘Schemes Carried Forward’ shown in paragraph 2.2 above, represents expenditure which was originally expected and budgeted for in 2018/19 but slipped into 2019/20. The budgeted financing has also been carried forward.

### 3.0 GENERAL FUND CAPITAL PROGRAMME 2020/21 TO 2024/25

3.1 The General Fund capital programme for 2020/21 to 2024/25 is detailed in Appendix A. This programme provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme.

3.2 Schemes shown as slippage from 2019/20 and carried forward to 2020/21 are detailed in the table in paragraph 2.2 above.

3.3 New schemes for 2020/21 (detailed in the table below) are included in the capital programme for approval. The total funding requirement for the new schemes is £1.3m. The majority of the new investment is the redevelopment of Appleby Magna Caravan Park and the new Leisure Centre Coalville bridge work.

#### 3.4 New Schemes for consideration 2020/21

3.5 Property assets have been condition surveyed during 2019/20, and a new Planned Preventative Maintenance (PPM) programme has been developed as a result. With the following schemes being identified in 2020/21 through to 2025:-

<b>New Schemes identified for Property Services 2020/2021</b>	<b>£</b>
Renew the garage roof at the Coalville Park. The works will include a complete replacement of the garage roof by removal of all asbestos sheeting	50,000
The Courtyard to renew the metal rain water goods, front door (unit 16) and renewal of all existing rain water goods include downpipe	25,000
Upgrade the CCTV link between the Whitwick Business Centre and the Council Offices	10,000
Resurfacing and relining of the car park at Market Street Industrial units	12,000
Ashby Town Halls Mews on installing parking bollards, resurfacing and relining	15,000
Car Park - High Street, Ibstock - Remove and Renew Gullies	35,000
Market Hall – demolish and make good	75,000
Coalville - Cemetery - provision of an inclusive toilet	25,000
UPS/Generator related (reconfiguring electric distribution)	60,000
<b>Total 2020/21</b>	<b>307,000</b>
<b>New Schemes identified for Property Services (future years)</b>	
Clock Tower - Upgrade of Lighting Scheme (phase 2)	30,000
Cropston Drive - External and Internal Renovation of Changing Rooms	20,000
Council Offices refurbishment	3,740,000
<b>Total (future years)</b>	<b>3,790,000</b>

<b>New Schemes for IT 2020/21</b>	<b>£</b>
The council has approximately 125 old 19" monitors which are over 6 years old. These screens are at the end of their useful life. They do not support higher resolutions which are required by modern day applications.	18,000
An upgrade to the next generation Sophos firewall to provide improved security and defence for the organisation. These firewalls provide more advanced cyber and threat protection and is able to detect and mitigate threats out in the wild, without knowing about them. A further £70k has been provided in 2023/24.	12,000
Replacement laptops. A five year programme to replace old laptops that are slow, out of support and more than five years old. This will provide higher performance laptops for staff, which are supported and able to run modern day applications. Over the 5 year programme, the laptop replacement programme will require a further investment of £165k.	25,000
WAN and DC Renewal (Wide Area network and Data Centre)	60,000

<b>Total 2020/21</b>	<b>115,000</b>
<b>Further New IT Schemes (future years)</b>	
The Council is currently undertaking procurement for a new telephony system in the current financial year 2019/20 (£130k), to cover the next 5 years. After 5 years the council we would need to look at either renewing the support and maintenance again or look at procuring a new telephony system. The Council has provided funds in 2024/25 for a new system.	140,000
Professional Services for Windows 2008 is being completed in the current financial year 2019/20 (£45k). In 2024/2025 the council we need to upgrade from Windows Server 2012 to Windows 2016. The Council has provided funds in 2024/25.	45,000
<b>Total (future years)</b>	<b>185,000</b>

<b>Other Schemes 2020/21</b>	<b>£</b>
The Council plans to invest £15k in new technology for driver identification. The purchase of driver identification key fobs for all drivers in waste so that the council can remotely identify who is driving the vehicle and to be able to download tachograph card information to comply with legislation.	15,000
Recycling Trolleys. The Council intends to enable a second pilot in relation to the recycling containers used to look at an alternative option.	10,000
The Council plans to invest a further £435k in Appleby Magna Caravan Park, in addition to the £175k already included within the capital programme for 2020/21. This includes planning to redesign the site to allow space to be freed up to enable redevelopment.	435,000
The Council is requesting a further £400k to support the total cost for the design and build of the bridge at the new Leisure Centre Coalville.	400,000
<b>Total 2020/21</b>	<b>860,000</b>

### 3.6 Fleet Replacement Programme

- 3.7 Fleet replacement is a rolling programme. Each year a number of vehicles come to the end of their useful economic life when each of the vehicles are reviewed based on the age, condition, mileage or potential risk of major repairs (due to being out of warranty). A decision is made to replace the vehicle or to extend its life for a further period. 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 required in April a commitment has to be made in the previous year.

Due to service requirements, approval will be sought at Council in February to amend the previously reported 2020/21 fleet budget from £1.1m to £1m, a net reduction of £143k.

- 3.8 The total fleet budget for 2020/21 is now as follows:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Original Budget £</b>	<b>Revised Budget £</b>
Refuse/Recycling Vehicles	660,000	660,000
Market Vehicles	24,000	15,000
Vans - Small	16,000	0
Vans - Medium - Housing	180,000	192,000
Vans – Box Lorry	130,000	0
Sweepers	130,000	130,000
Mowing	10,000	10,000
<b>TOTAL</b>	<b>1,150,000</b>	<b>1,007,000</b>

- 3.9 In order to progress with the 2021/22 purchases, approval is sought for the following

vehicles:

<b>Vehicles / Plant &amp; Equipment</b>	<b>Budget £</b>
1x Refuse / Recycling Vehicles	220,000
3 x Market Vehicles / Cars	45,000
2 x Vans Small	30,000
2 x Vans Medium - Housing	32,000
2 x Vans – Pickup	100,000
Sweepers	130,000
2 x Digger/Misc Plant	130,000
3 x Mowing	68,000
<b>Total</b>	<b>755,000</b>

### 3.10 Disabled Facilities Grants

3.11 The Disabled Facilities Grant is a capital grant paid to local authorities that can meet, or contribute towards the costs of adapting a person's home. This can help eligible people to stay in their homes for longer and live safer, healthier and more independent lives. It is proposed to continue with the Disabled Facilities Grant function that has been delegated to the lead authority (Blaby District Council) under the Lightbulb Project Scheme. As this is a rolling programme, the scheme has been updated to include 2024/25 and amounts revised based on the forecast grant to be received.

3.12 The General Fund Capital Programme (2020/21) will be funded by:

<b>Funding Stream</b>	<b>£</b>
Disabled Facilities Grants	670,310
S106 Contributions	0
Revenue Contribution	517,000
Reserves	816,000
Grants	340,000
Capital Receipt	3,000,000
Unsupported Borrowing - Internal	13,535,000
<b>Total (including carry forward from 19/20)</b>	<b>18,878,310</b>

## 4.0 SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 There was no special expenses capital schemes for 2019/20.

4.2 There are no new schemes identified to commence in 2020/21.

## 5.0 HRA CAPITAL PROGRAMME – 2020/21 - 2024/25 INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix B) covers in detail the capital schemes for the period 2020/21 to 2024/25 and how they are funded. The total expected spend over 5 years is £57.4m, with a £10.8m budget for 2020/21.

5.2 Planned spend in 2020/21 and onwards consists mainly of:

### 5.2.1 New Supply Programme

Our new supply programme provides provision for building and purchasing properties to rent out at affordable rent levels. This year we have produced an indicative five year budget totalling £25.4m. For 2020/21 that comprises a total budget of £4.5m, which will complete 8 properties already being built on Cropston

Drive, Coalville, and start another 40 properties on sites in Whitwick, Measham and Moira. This programme is dependent on confirming viability on these sites and gaining planning permission.

Our primary funding source for this will be retained right to buy receipts. We only have 3 years in which to spend these receipts or we have to return them to central government, with a punitive interest charge of the Bank of England base rate plus 4%. Other sources include commuted sums and revenue contribution to capital outlays, and funding is based on the requirements of each site.

#### 5.2.2 Home Improvement Programme (HIP)

The Council brought all of its homes up to the Decent Homes standard in 2014/15 and now need to continue a programme of work to ensure that our homes remain at this quality standard. In 2020/21 we are budgeting spending £3.9m on home improvements, which includes replacing kitchens, bathrooms, heating systems and roofs in some of our properties.

The Home Improvement Programme for the remaining 4 year period will see an investment of £16.3m in improving tenants' homes, bring the total 5 year figure up to £20.1m.

#### 5.2.3 New Regeneration Pilot

Officers have worked with the administration to set aside £250k to regenerate one of our estates. We will seek the communities input, and aim to improve the aesthetics of the estate and promote the council's wider corporate priorities, such as creating safe, healthy and connected communities. We are still looking into the most appropriate area to pilot this project, with a view to completing more regeneration work in the future if the pilot is successful.

#### 5.2.4 Other Schemes / Miscellaneous

There are various other schemes with a total budgeted expenditure of £2.4m. This compromised our more routine capital expenditure, such as work on properties when they become empty (£350k), major aids and adaptations on properties (£300k), work to improve fire safety (£125k) and capitalised salaries (£604k).

There are also other one-off expenditure programmes, such estate improvement works, totalling £470k. This includes £200k for off street car parking.

5.3 These changes bring the total capital programme up to £57.4m over five years, and £10.8m in 2020/21.

## 6.0 CAPITAL RESOURCES

### General Fund

6.1 The resources estimated to be needed to finance the General Fund programme 2020/21 to 2024/25 totals £36,774,962 and is as follows:

	£
2020/21	18,878,310
2021/22	11,613,222
2022/23	2,019,310
2023/24	2,036,310
2024/25	2,207,810
<b>Total</b>	<b>36,754,962</b>

- 6.2 Details of the planned funding of the programmes are included in Appendix A.
- 6.3 Funding is in place in 2020/21 for the Disabled Facilities Grants Scheme £670k.
- 6.4 Funding from reserves has been identified of £816k, a grant of £340k and £517k revenue contribution in relation to the Marlborough Square project.
- 6.5 A capital receipt of £3m has been identified for the Leisure Centre Project.
- 6.6 The remaining schemes for 2020/21 (£13.5m) can be funded by either unsupported borrowing or leasing depending on value for money and for which, provision has been made in the 2020/21 Revenue Budget.

## Housing Revenue Account

- 6.7 Appendix B provides detail on how the five year **Housing Revenue Account capital programme** will be funded. In 2020/21, the funding streams are:

	£
Use of Major Repairs Reserve	3,869,611
Right to Buy 'One for One' receipts	1,127,054
Other right to buy receipts	1,137,878
Proceeds for asset disposals	1,068,950
Section 106 Affordable Housing commuted sums	255,018
RCCO	1,085,499
Other usable capital balances	2,292,493
<b>Total Resources used in 2020/21</b>	<b>10,836,503</b>
Retained for future years	6,491,348

## 7.0 PROCUREMENT ROUTES

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

submit bids, should they be of interest.

## 8.0 CONSULTATION

8.1 In a change to previous years, Corporate Scrutiny Committee has already reviewed the planned changes to capital budgets at a meeting on 7 November 2019. The Committee recommended accelerating delivery of our off street parking programme. As a result we now plan to deliver the four year programme in three years, as shown below.

	<b>2020/21</b> £	<b>2021/22</b> £	<b>2022/23</b> £	<b>2023/24</b> £	<b>2024/25</b> £	<b>Total</b> £
Off Street Parking - Presented to Scrutiny	150,000	150,000	150,000	150,000	-	<b>600,000</b>
Change as a result of Scrutiny	50,000	50,000	50,000	- 150,000	-	-
New Off Street Parking provision	200,000	200,000	200,000	-	-	<b>600,000</b>

8.2 The Committee also suggested that we look at ensuring any Homes that we build are carbon neutral. We are looking at this proposal and the associated costs. However, Central Government only gives us three years in which to spend, therefore we need to spend some of our right to buy funding in 2020/21 or return it to Central Government with interest. We therefore plan to continue with our existing programme whilst we investigate carbon neutral homes.

8.3 Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation. We will also consult with tenants on the Housing Revenue Account Capital Programme. The draft budget will also be presented to Corporate Scrutiny Committee on 8 January 2020 for final comments before the final budget is presented to Cabinet and Council in February 2020 for approval.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The projects in the Capital Programmes help the Council to achieve all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	Council tenants will be impacted by council home improvements. Residents will benefit from improved leisure facilities within the district and other improved assets.
Economic and Social Impact:	None
Environment and Climate Change:	None at this time. At the time of writing this report, officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve or through additional revenue contribution to capital outlay on the HRA.
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Officer Contact	Tracy Bingham 01530 454701 <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

**DRAFT GENERAL FUND CAPITAL PROGRAMME 2020/21 TO 2024/25**

PROJECT	2019/20					2020/21	2021/22	2022/23	2023/24	2024/25	Funding					
	Original Budget	In year virements and 2018/19 carry forward	Carry Forward to 2020/21	Actual @ Period 7	Forecast Outturn to end of year		Indicative	Indicative	Indicative	Indicative	Grant & S106	DF Grants	Capital Receipts	Other Reserve	Revenue	Leasing or Borrowing
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Finance System / Review	-	100,000	- 100,000	-	-	-	-	-	-	-						100,000
Server and storage additional capacity	-	-	-	-	-	-	-	70,000	-	-						70,000
User Screen Bulk Replacement	-	-	-	-	-	18,000	-	-	-	-						18,000
WI-FI Replacement	-	-	-	-	-	-	-	50,000	-	-						50,000
Website Intranet and Internet	-	-	-	-	-	-	-	-	50,000	-						50,000
LAN Switches replacement	15,500	15,500	-	-	-	-	-	-	50,000	-						50,000
WAN and DC Renewal	-	-	-	-	-	60,000	-	-	-	-						60,000
Wi-Fi Management Portal	25,000	-	-	6,000	25,000	-	-	-	-	-				25,000		-
Firewall Security Replacement	-	-	-	-	-	12,000	-	-	70,000	-						82,000
Desktop Equipment Upgrade	-	-	-	-	-	-	-	120,000	-	-						120,000
Laptop Replacements	-	-	-	-	-	25,000	45,000	35,000	25,000	35,000						165,000
Telephony Unified Communication	130,000	-	-	-	130,000	-	-	-	-	140,000						270,000
Professional Services for Windows Migration	45,000	-	-	42,286	45,000	-	-	-	-	45,000						90,000
Wi-Fi Scheme	-	66,029	-	66,029	66,029	-	-	-	-	-	20,000			46,029		-
Disabled Facility Grants	649,640	74,114	-	335,157	723,754	670,310	670,310	670,310	670,310	670,310		4,021,864		25,000	28,440	-
Refuse Vehicles & Refuse Kerbsider	375,000	153,960	-	204,188	221,040	660,000	220,000	360,000	360,000	180,000			34,037			1,967,003
Market Vehicles/Cars	-	-	-	-	-	15,000	45,000	-	15,000	-						75,000
Vans - Small	16,000	-	-	15,482	16,000	-	30,000	13,000	15,000	-						74,000
Vans - Medium	180,000	-	-	-	180,000	192,000	32,000	35,000	47,000	90,000						576,000
Vans - Pickup	-	-	-	-	-	-	100,000	75,000	25,000	63,500						263,500
Vans - Box Lorry	65,000	-	-	-	65,000	-	-	-	-	50,000						115,000
Sweeper	-	-	-	-	-	130,000	130,000	-	-	-						260,000
Digger/Misc Plant	-	-	-	-	-	-	130,000	-	-	-						130,000
Mowing	65,000	-	-	54,006	65,000	10,000	68,000	-	-	70,000						213,000
Driver ID Fobs and Tachograph download	-	-	-	-	-	15,000	-	-	-	-						15,000
Phase 2 Recycling Trolley's	-	-	-	-	-	10,000	-	-	-	-						10,000
GM Depot Coalville Park - Concreting Grounds	40,000	-	-	-	40,000	-	-	-	-	-						40,000
District Car Parks - LED Lighting Replacement	-	25,000	-	-	25,000	-	-	-	-	-						25,000
Coalville Market Upgrade (Phase2)	-	-	-	-	-	-	-	-	-	-						-
Leisure Project - Hood Park Leisure Centre Ashby	1,199,000	-	-	443,193	1,199,000	-	-	-	-	-	561,000			30,000		608,000
Leisure Project - New Leisure Centre Coalville	8,996,000	-	7,296,912	588,971	1,699,088	9,678,000	4,898,000	-	-	-	270,000		3,000,000			20,302,000
Memorial Clock Tower	-	13,012	-	6,850	13,012	-	30,000	-	-	-	13,012					30,000
Linden Way Depot - Welfare Facilities	-	95,250	-	3,166	95,250	-	-	-	-	-						95,250
Moira Furnace - Masonry & Drainage/Upgrades to Furnace and Bridge & further remedial works	125,000	170,000	- 195,000	5,733	100,000	-	-	-	-	-						295,000
Council Office - Replacement fire alarm & Cotag system	-	104,750	-	102,268	104,750	-	-	-	-	-				74,750		30,000
Council Offices - Replace obsolete parts to consumer units following M&E survey	75,000	-	- 75,000	-	-	-	-	-	-	-						75,000
Council Offices - Replacement LED Lighting throughout (Stenson House & Main Building)	35,000	-	- 35,000	-	-	-	-	-	-	-						35,000
Council Offices - Insulate roof space to building	30,000	-	- 30,000	-	-	-	-	-	-	-						30,000
Council Offices - Install solar power	-	-	-	-	-	40,000	-	-	-	-						40,000
Council Offices - Main Building - Upgrade of all walkways, double glazing and insulated panels	250,000	-	- 250,000	-	-	-	-	-	-	-						250,000
Council Offices - Main Building - Replacement windows generally	-	-	-	-	-	250,000	-	-	-	-						250,000
Council Offices - (Stenson House) Replacement windows Light wells and External works	35,450	-	-	18,855	35,450	-	-	-	-	-						35,450
Council Offices - (Stenson House) External works to roadway outside registry office	50,000	-	-	1,250	50,000	-	-	-	-	-						50,000
Council Offices Refurbishment/Boiler heating/Lighting	-	-	-	-	-	-	1,576,000	591,000	709,000	864,000						3,740,000
Council Offices - Lift Works	100,000	- 70,000	-	23,832	30,000	-	-	-	-	-						30,000
Whitwick Business Centre - Installation of Solar Power	-	-	-	-	-	40,000	-	-	-	-						40,000
Whitwick Business Centre - Replace Lighting with LED	12,000	- 369	-	11,631	11,631	-	-	-	-	-				11,631		-
Car Park - High Street, Ibstock - Remove and Renew Gullies	-	-	-	-	-	35,000	-	-	-	-						35,000

PROJECT	2019/20					2020/21	2021/22	2022/23	2023/24	2024/25	Funding					
	Original Budget	In year virements and 2018/19 carry forward	Carry Forward to 2020/21	Actual @ Period 7	Forecast Outturn to end of year						Indicative	Indicative	Indicative	Indicative	Grant & S106	DF Grants
Cropston Drive - External and Internal Renovation of Changing Rooms	-	-	-	-	-	-	20,000									20,000
UPS/Generator related (reconfiguring electric distribution)	-	-	-	-	-	60,000										60,000
Market Hall - demolish and make good	-	-	-	-	-	75,000										75,000
Coalville - Cemetery - provision of an inclusive toilet	-	-	-	-	-	25,000										25,000
New Garage Roof at Coalville Park	-	-	-	-	-	50,000	-	-	-	-						50,000
The Courtyard - renew rainwater goods/door	-	-	-	-	-	25,000	-	-	-	-						25,000
Whitwick Business Centre - Upgrade CCTV	-	-	-	-	-	10,000	-	-	-	-						10,000
Market Street Car Park - Resurfacing	-	-	-	-	-	12,000	-	-	-	-						12,000
Ashby Town Hall Mews - installing bollard, resurfacing & relining	-	-	-	-	-	15,000	-	-	-	-						15,000
Marlborough Square	-	1,743,286	- 1,673,000	17,249	70,286	-	-	-	-	-	340,000			886,286	517,000	
New Market Provision	-	291,790	-	70,776	291,790	-	-	-	-	-				291,790		
Salt Bay Cover -	20,000	-	-	13,960	20,000	-	-	-	-	-						20,000
Appleby Magna Caravan Site - redevelopment	175,000	-	- 100,000	50,822	75,000	610,000	-	-	-	-						785,000
<b>TOTAL GENERAL FUND</b>	<b>12,708,590</b>	<b>2,443,402</b>	<b>- 9,754,912</b>	<b>2,081,704</b>	<b>5,397,080</b>	<b>12,742,310</b>	<b>7,994,310</b>	<b>2,019,310</b>	<b>2,036,310</b>	<b>2,207,810</b>	<b>1,204,012</b>	<b>4,021,864</b>	<b>3,034,037</b>	<b>1,390,486</b>	<b>545,440</b>	<b>31,956,203</b>

2020/21 - 2024/25 HOUSING CAPITAL PROGRAMME

	Current Year Expenditure		Five Year Capital Programme Expenditure					Restricted Funding				Unrestricted funding	
	2019/20 Forecast	Carry forward to 2020/21	2020/21	2021/22 Indicative	2022/23 Indicative	2023/24 Indicative	2024/25 Indicative	5 Year Total	Major Repairs Reserve	Right to Buy 1-for-1 Receipts	S106 Commuted Sums		Asset Disposals
<b>2019 - 2024 Home Improvement Programme:</b>													
Home Improvement Programme	3,063,000	-	3,869,611	3,947,004	4,025,945	4,106,464	4,188,593	20,137,617	17,453,004	-	-	-	2,684,613
<b>2019 - 2024 Home Improvement Programme Total</b>	<b>3,063,000</b>		<b>3,869,611</b>	<b>3,947,004</b>	<b>4,025,945</b>	<b>4,106,464</b>	<b>4,188,593</b>	<b>20,137,617</b>	<b>17,453,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,684,613</b>
<b>New Supply:</b>													
New Build - use of RTB one for one reserve	273,600	-							-	-	-	-	-
New Build - NWLDC contribution to RTB one for one	638,400	-							-	-	-	-	-
New Build - NWLDC additional provision	337,000	-							-	-	-	-	-
Gifted units									-	-	-	-	-
Acquisition of sites	348,000	1,352,000							-	-	-	-	-
Phase 2 - Police Station			27,168					27,168	-	-	27,168	-	-
Phase 3 - Cropston Drive			202,166	15,750				217,916	-	65,375	-	152,541	-
Phase 4 - Various sites			2,849,431	1,384,419	57,150			4,291,000	-	1,010,100	277,200	1,356,414	1,647,286
Phase 5 - Various sites			1,464,750	253,313	24,300			1,742,363	-	522,709	-	-	1,219,654
Phase 6 - Various sites			-	4,526,078	62,573			4,588,650	-	1,376,595	-	43,801	3,168,254
Phase 7 - TBC					4,661,860	64,450		4,726,310	-	1,417,893	-	361,309	2,947,108
Phase 8 - TBC						4,801,716	66,383	4,868,099	-	1,460,430	-	401,353	3,006,316
Phase 9 - TBC							4,945,767	4,945,767	-	1,483,730	-	353,532	3,108,505
<b>New Supply Total</b>	<b>1,597,000</b>	<b>1,352,000</b>	<b>4,543,515</b>	<b>6,179,559</b>	<b>4,805,882</b>	<b>4,866,165</b>	<b>5,012,150</b>	<b>25,407,272</b>	<b>-</b>	<b>7,336,831</b>	<b>304,368</b>	<b>2,668,950</b>	<b>15,097,123</b>
<b>Estate Improvements:</b>													
Mobility Scooter Stores	109,000	-	-	-	-	-	-	-	-	-	-	-	-
Off Street Parking	300,000	-	200,000	200,000	200,000	-	-	600,000	-	-	-	-	600,000
Footpaths & Unadopted Roads	30,000	-	100,000	100,000	100,000	100,000	100,000	500,000	-	-	-	-	500,000
Garage Demolition & Replacement	140,000	-	60,000	60,000	60,000	60,000	-	240,000	-	-	-	-	240,000
Handrail Replacement	41,000	-	-	-	-	-	-	-	-	-	-	-	-
Place-shaping pilot			250,000					250,000	-	-	-	-	250,000
Estates Projects - Other	-	-	110,000	370,000	370,000	370,000	370,000	1,590,000	-	-	-	-	1,590,000
<b>Estate Improvements Total</b>	<b>620,000</b>	<b>-</b>	<b>720,000</b>	<b>730,000</b>	<b>730,000</b>	<b>530,000</b>	<b>470,000</b>	<b>3,180,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,180,000</b>
<b>Compliance:</b>													
Fire Risk Assessment Remedial Works	400,000	422,000	125,000	100,000	87,000	87,000	87,000	486,000	-	-	-	-	486,000
<b>Compliance Total</b>	<b>400,000</b>	<b>422,000</b>	<b>125,000</b>	<b>100,000</b>	<b>87,000</b>	<b>87,000</b>	<b>87,000</b>	<b>486,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486,000</b>
<b>Major Aids &amp; Adaptations</b>	<b>299,000</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>
<b>Renewable/Replacement Energy Installations Programme</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carbon Neutral Retrofit Pilot</b>													
<b>Supported Housing Improvements:</b>													
Speech Module	100,000	-	150,000	-	-	-	-	150,000	-	-	-	-	150,000
Sheltered Housing Improvements	-	-	50,000	500,000	500,000	500,000	-	1,550,000	-	-	-	-	1,550,000
<b>Supported Housing Improvements Total</b>	<b>100,000</b>	<b>-</b>	<b>200,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>	<b>1,700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,700,000</b>
<b>Active Asset Management:</b>													
Property Demolition	200,000	-	100,000	-	-	-	-	100,000	-	-	-	-	100,000
Capital Works - Voids	309,000	-	350,000	350,000	398,000	350,000	350,000	1,798,000	-	-	-	-	1,798,000
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Active Asset Management Total</b>	<b>509,000</b>	<b>-</b>	<b>450,000</b>	<b>350,000</b>	<b>398,000</b>	<b>350,000</b>	<b>350,000</b>	<b>1,898,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,898,000</b>
<b>Other Capital Spend:</b>													
New Housing Systems	748,000	-	24,217	-	-	-	-	24,217	-	-	-	-	24,217
PNC8 Software Upgrade - Central Control	45,000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Capital Spend Total</b>	<b>793,000</b>	<b>-</b>	<b>24,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,217</b>
<b>Capital Salaries</b>	<b>438,000</b>	<b>-</b>	<b>604,160</b>	<b>604,160</b>	<b>604,160</b>	<b>604,160</b>	<b>604,160</b>	<b>3,020,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,020,800</b>
<b>Total Programme Costs</b>	<b>8,419,000</b>	<b>1,774,000</b>	<b>10,836,503</b>	<b>12,710,723</b>	<b>11,450,987</b>	<b>11,343,789</b>	<b>11,011,904</b>	<b>57,353,906</b>	<b>17,453,004</b>	<b>7,336,831</b>	<b>304,368</b>	<b>2,668,950</b>	<b>29,590,753</b>

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**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**  
**CORPORATE SCRUTINY COMMITTEE – WEDNESDAY,**  
**8 JANUARY 2020**



<b>Title of Report</b>	<b>2020/21 CAPITAL STRATEGY</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>		<b>Public Report:</b> Yes
		<b>Key Decision:</b> No
<b>Financial Implications</b>	This strategy lays out the approach and framework for capital investment. Capital activities impact on the resources available to the council through capital financing including use of revenue and reserves, interest on borrowing and Minimum Revenue Provision.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek comments on the Capital Strategy.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY PROVIDES ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY 2020 TO CONSIDER THE CAPITAL STRATEGY 2020/21 AND RECOMMEND ITS PROPOSALS TO COUNCIL ON 25 FEBRUARY 2020.</b>	

## **1. INTRODUCTION**

- 1.1 The Capital Strategy sets out the council's priorities and approach to capital investment and provides a mechanism by which the capital investment and financing decisions can be aligned with the corporate priorities over the medium term.
- 1.2 The strategy provides a clear context within which proposals for capital expenditure are evaluated to ensure that capital investment is targeted at meeting the council's priorities.
- 1.3 The strategy considers available options for funding capital schemes and how resources may be maximised to generate investment in the district and to determine an affordable and sustainable funding policy framework including identification of

resources available for capital investment over the lifespan of the Medium Term Financial Strategy. This strategy supports the Council's wider strategic framework, including the council's Commercial Strategy.

- 1.4 Members should note that the strategy is currently aligned to the Draft Capital Programmes 2020/21-2024/25 and therefore are subject to change as part of the presentation of the final budget to Cabinet and Council on 4 and 25 February 2020 respectively.
- 1.5 The strategy provides governance arrangements for capital including monitoring of schemes, budget profiling, deliverability and value for money.
- 1.6 A copy of the Capital Strategy is attached at Appendix A.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment and Climate Change:	Not applicable
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	Capital schemes and expenditure carry elements of risk. These are moderated through Compliance with the CIPFA Prudential Code, adoption of the Capital Strategy and through the Medium Term Financial Strategy, budget setting and monitoring processes implemented by the council.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>



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## Capital Strategy

### Introduction

- 1.1 This Capital Strategy sets out the Council's priorities and approach to capital investment. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe.
- 1.2 The purpose of the Capital Strategy is intended to perform a number of functions;
- Maximise capital resources to fund corporate and community priorities, strategies and plans.
  - Support effective and timely investment in the Council's assets, to ensure they are efficiently and effectively used.
  - Prioritising the Council's own investment requirements, and determining which can be funded by the authority, how and when.
  - Enable the identification and optimisation of all sources of capital funding and ensure its effective utilisation.
  - A capital programme that is financially affordable, prudent and sustainable, and integrated with the Council's Medium Term Financial Plans (MTFP).
  - Impact of investment decisions on revenue budgets.
  - Effective performance reporting and management of the Capital programme.
- 1.3 The Strategy sets out the corporate framework within which capital investment is planned, procured, prioritised, managed and funded. The Strategy has direct links to the Council's Asset Management Strategy and forms an integral part of the Council's Medium Term Financial Strategy (MTFS).
- 1.4 The aim of the Capital Strategy is to provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the Council's priorities, including the assessment of project outcomes, budget profiling, deliverability and achieving Value for Money.
- 1.5 Capital projects will focus on the delivery of long term economic growth and or financial return benefits to the District in the form of:-
- Spend to save
  - Spend to earn income or other financial returns
  - Attracting significant third party or private resources to the District
  - Addressing major infrastructure investment
- 1.6 The Strategy sets out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans, the Planned Preventative Maintenance (PPM) Schedule and other related strategies.
- 1.7 The Strategy also considers options available for funding capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment and to identify the resources available for capital investment over the MTFP planning period.

## 2 CAPITAL PROGRAMME NEEDS AND PRIORITIES

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

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

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

- 2.3 The Council applies a de minimis level of £10,000 for individual items to be charged as capital expenditure. Items below this limit are charged to revenue in the year that it is incurred.
- 2.4 Financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for capital investment has reduced significantly over recent years, and the Council now recognises that it must rely more on internal resources and seek ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.
- 2.5 The 5 year 2020/21 – 2024/25 General Fund capital programme totals £36,754,962. The programme is funded by a combination of Section 106 developer contributions, Government grants, capital receipts, revenue, reserves and internal and external borrowing.
- 2.6 The 5 year 2020/21 – 2024/25 Housing Revenue Account capital programme totals £57,353,906. The programme is primarily funded through contributions from the Housing Revenue Account, either in the form of depreciation on our properties which is used to fund home improvements work, or revenue contributions to capital outlays. The programme also receives capital receipts from the sale of properties, either through the Right to Buy initiative or as general sales.
- 2.7 The Council's PPM identifies the total capital investment need in relation to the Council's asset portfolio. The PPM includes significant backlog maintenance issues across the Councils property portfolio.
- 2.8 The approach to developing the capital programme is based upon the following:
- 2.8.1 **Economic Investment** – The Council will continue to seek investments that generate longer term growth in projects that yield a combination of revenue generation (business rates, rent or interest), jobs and capital infrastructure investment. Based on sound business cases the Council will assist in acquiring strategic sites for the delivery of major investment projects.

- 2.8.2 **Self-Sufficiency** – The Council will seek to invest in assets that

support the Council's self-sufficiency agenda and create a maintainable ongoing revenue position.

- 2.8.3 **Corporate Property** – To reduce its backlog maintenance liability the Council will rationalise its asset base. This is either in the form of the sales of surplus assets or the outsourcing of management arrangements. These will contribute to ongoing revenue savings and / or capital receipts respectively.
- 2.8.4 **New Supply** – The Council will seek to build or purchase new homes for use as affordable rental properties.
- 2.8.5 **Home Improvements** – The Council will continue to invest in its council housing to maintain the Government's Decent Homes standard.
- 2.8.6 **Car Parks** – The Council owns and manages 27 car parks within the District. The Council will continue to minimise the ongoing delivery costs, whilst seeking to maximise income. More details with regards to car parks can be found in the Council's Car Parking Strategy.
- 2.8.7 **Culture & Tourism** – The Council owns two scheduled monument assets: Moira Furnace, a tourist museum operated by an external third party; and the War Memorial Tower, a listed war memorial in the centre of Coalville.
- 2.8.8 **ICT** – The Council will undertake appropriate investment into ICT hardware and software on a case by case basis. The primary focus is to improve technologies on a spend to save basis.
- 2.8.9 **Leisure** – The Council continues to own 2 leisure centres, Hood Park Leisure Centre in Ashby and Hermitage Leisure Centre in Whitwick, Coalville, following the outsourcing of the provision of these centres in May 2019. Under the new contract with Everyone Active, the Hermitage site will close and a new replacement facility in Coalville (funded by the Council) opened in March 2022.

2.9 The following material investments will be undertaken between the period of 2020 and 2025:

- 2.9.1 **New Leisure Centre** – As detailed in 2.8.9 above, the indicative value of the new facility is £23.6m and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of a Cropston Drive, one of the Council's remaining significant land holdings. Construction is to commence on site from July 2020. Bridge and access works will start from February 2020. The overall project completion is now programmed for March 2022 (from August 2021). The Council is requesting a further £400k to support the total cost for the design and build of the bridge at the new Leisure Centre Coalville.
- 2.9.2 **Appleby Magna Caravan** - The Council plans to invest a further £435k in Appleby Magna Caravan Park, in addition to the £175k already included within the capital programme for 2020/21. This includes planning to redesign the site to allow space to be freed up to enable redevelopment.
- 2.9.3 **Council Offices refurbishment** – A significant number of new schemes have been identified by property services within the condition

surveys, this work will be undertaken over the five years and is primarily Council Offices refurbishment works of £3.8m, representing the costs associated with maintaining the council offices to a modern day standard.

2.9.4 **New Supply Programme** – We plan to spend £25.4m over five years buying and building new council homes to rent at affordable rent levels. This is expected to fund the purchase or building of up to 168 new homes.

2.9.5 **Home Improvement Programme** – We plan to invest £20.1m over five years to ensure our existing homes continue to meet the Government's Decent Home standard.

### 3 RESOURCING

3.1 The Capital Programme is resourced as follows:

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

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

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

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

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

3.1.6 **Right to buy capital receipts** – The Council's tenants have a right

to purchase their homes from us, and we retain a proportion of the sale receipts. One element of these receipts, known as the right to buy one-for-one receipt, comes with strict criteria for how it can be used: it can only be used to contribute 30% of the costs of building or purchasing new homes to be let at affordable rent levels; and must be spent within 3 years of receiving the receipt or returned to Central Government with interest of 4% above the Bank of England base rate, which is currently 0.75%.

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

**3.1.8 Revenue and Reserves** – Capital expenditure may be funded directly from an in-year revenue contribution (RCCO – Revenue Contribution to Capital Outlay) or by specific revenue funds previously set aside, such as repairs and renewal funds. However, the pressures on the Council’s general fund revenue budget and Council Tax levels limit the extent to which this may be exercised as a source of capital funding. In contrast, this is the primary source of funding for the housing revenue account capital programme – funding 62% of the five year programme.

3.2 How the General Fund Capital Programme is financed over 2020/21 to 2024/25:

	Government Grant	Developer Contributions	Borrowing	Capital Receipts	Revenue or Reserves	Total
<b>2020/21</b>	670,310	340,000	13,535,000	3,000,000	1,333,000	<b>18,878,310</b>
<b>2021/22</b>	670,310	0	10,942,912	0	0	<b>11,613,222</b>
<b>2022/23</b>	670,310	0	1,349,000	0	0	<b>2,019,310</b>
<b>2023/24</b>	670,310	0	1,366,000	0	0	<b>2,036,310</b>
<b>2024/25</b>	670,310	0	1,537,500	0	0	<b>2,207,810</b>
<b>Total</b>	<b>3,351,550</b>	<b>340,000</b>	<b>28,730,413</b>	<b>3,000,000</b>	<b>1,333,000</b>	<b>36,754,962</b>

3.3 The Housing revenue account has a different profile of funding, as shown by the table below:

	Government Grant	Developer Contributions	Right to buy receipts	Capital Receipts	Revenue or Reserves	Total
<b>2020/21</b>	200,000	255,018	4,357,425	1,068,950	4,955,110	<b>10,836,503</b>
<b>2021/22</b>	200,000	45,570	5,528,375	400,000	6,536,778	<b>12,710,723</b>
<b>2022/23</b>	200,000	3,780	2,575,941	400,000	8,271,267	<b>11,450,988</b>
<b>2023/24</b>	200,000	0	2,597,846	400,000	8,145,944	<b>11,343,790</b>
<b>2024/25</b>	200,000	0	2,642,356	400,000	7,769,547	<b>11,011,903</b>
<b>Total</b>	<b>1,000,000</b>	<b>304,368</b>	<b>17,701,943</b>	<b>2,668,950</b>	<b>35,678,646</b>	<b>57,353,907</b>

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

on loans, rents, council tax or business rate yield will be favoured.

- 3.5 The Council will continue to consider on a cautious and prudent basis the extent to which prudential borrowing may be undertaken to fund new capital investment, which generates returns over and above the revenue costs of the debt.
- 3.6 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received.

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

- 4.1 The Council reviews its capital requirements and determines its Capital Programme within the framework of the MTFS and as part of the annual budget process. Resource constraints mean that the Council continually needs to prioritise expenditure in the light of its aims and priorities and consider alternative solutions.
- 4.2 The Council's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.
- 4.3 To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the MTFS.
- 4.4 The main forum for reviewing financial, risk and governance aspects of the capital programme is the Asset Management Group. This group reviews the strategic direction of the programme, ensures outcomes are aligned with the Council's priorities, significant projects have a viable Business Case and that Value for Money is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.
- 4.5 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's over-arching aims. These include:
- 4.6 Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:
- The Council which is ultimately responsible for approving investment and the Capital Programme;
  - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Programme; The Cabinet will continue to receive quarterly monitoring reports.
  - The Audit and Governance Committee which is responsible for scrutiny of the Council's statement of accounts and can make recommendations to Cabinet and full Council.
- 4.7 Officer Groups which bring together a range of service interests and professional expertise. These include:
- Departmental Senior Management Teams (SMT's), responsible for development of investments;
  - The Asset Management Group, responsible for overseeing and

- approving reports for investments prior to Cabinet approval;
  - The Corporate Leadership Team which has overall responsibility for the strategic development, management and monitoring of the capital programme;
- 4.8 An integrated service and financial planning process where all proposals for capital investment are required to demonstrate how they contribute to the achievement of the Council's aims and priorities.
- 4.9 Quarterly reports will continue to be submitted to Cabinet that identify changes to this programme to reflect:
- New resource allocations
  - Slippage in programme delivery
  - Programmes reduced or removed
  - Virements between schemes and programmes to maximise delivery.
  - Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.

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<b>Title of Report</b>	<b>2020 – 2025 MEDIUM TERM FINANCIAL PLANS</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>		<b>Public Report:</b> Yes
		<b>Key Decision:</b> No
<b>Financial Implications</b>	Financial issues are contained within the appended Cabinet report.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek comments on the draft 2020-2025 Medium Term Financial Plans.	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE NOTE AND COMMENT ON THE DRAFT 2020-2025 MEDIUM TERM FINANCIAL PLANS WHICH WILL BE PRESENTED TO FULL COUNCIL FOR APPROVAL ON 25 FEBRUARY 2020.</b>	

## 1. INTRODUCTION

- 1.1 The 2020-2025 Medium Term Financial Plans were presented to the Cabinet for information at its meeting on the 10 December 2019.
- 1.2 The Corporate Scrutiny Committee is invited to note the report and provide any comments to Cabinet to take into account when it considers the Medium Term Financial Plans on 4 February 2020. Separate reports appear on this agenda covering the Council's draft General Fund and Housing Revenue Account budget proposals and Draft Capital Programmes.
- 1.3 Further details are included in the attached Cabinet Report (Appendix 1).

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment and Climate Change:	The full impact of the climate emergency, declared by Council in May 2019, is not yet known. The plans therefore do not reflect the potential effort required to make the Council carbon neutral by 2030.
Consultation/Community Engagement:	Not applicable
Risks:	There are a number of risks associated with the medium term financial plan as clearly future events cannot be accurately predicted and as a result the economic outlook can change quickly. In addition, a great deal of uncertainty remains in the local government sector around core funding. A risk and sensitivity analysis is included within the attached Cabinet report.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 10 DECEMBER 2019



<b>Title of Report</b>	<b>2020 – 2025 MEDIUM TERM FINANCIAL PLANS</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">Medium Term Financial Strategy – Council 26 February 2019</a>	<b>Public Report:</b> Yes
	<a href="#">Review of Medium Term Financial Plan – 16 July 2019</a>	<b>Key Decision:</b> No
<b>Financial Implications</b>	<p>A review and revision of the assumptions used in the General Fund and Housing Revenue Account Medium Term Financial Plans upon drafting of the 2020/21 draft budget has resulted in a revised forecast financial position between 2020/21 – 2024/25.</p> <p>The forecast deficit on the General Fund over this period is now £1.2m and the HRA forecast surplus for the period is a £4.7m. Both Medium Term Financial Plans now include targeted savings as part of the Journey to Self-Sufficiency (of £5.1m for the general fund and £2.6m for the HRA).</p> <p>Matters concerning the likelihood of projections are considered throughout the report.</p>	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	The report provides an update in respect of the Journey to Self-Sufficiency Programme.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present members with the impact of modified assumptions within the council's Medium Term Financial Plans and provide an update in respect of the new approach to the Journey to Self Sufficiency Programme.	
<b>Reason for Decision</b>	To keep members up to date in respect of the council's five-year financial projections.	

<b>Recommendations</b>	<p><b>THAT CABINET NOTE:</b></p> <p><b>1. THE REVISED MEDIUM TERM FINANCIAL PLANS</b></p> <p><b>2. THE PROGRESS OF THE JOURNEY TO SELF SUFFICIENCY PROGRAMME</b></p>
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**1.0 BACKGROUND**

- 1.1 In February 2018, Cabinet approved the council’s Medium Term Financial Strategy 2018 – 2023. The strategy introduced a new five year rolling assessment of the financial resources required to deliver the Council’s strategic priorities and essential services and a new, self-sufficient approach to managing and safeguarding the council’s ongoing financial position in light of future central government funding changes.
- 1.2 A review of the strategy’s financial projections for the Council was last undertaken in July 2019 where the assumptions of both plans were reviewed in light of the financial outturn of the council for 2018/19, the Government’s Spring Statement and known developments arising from the ongoing local government funding reviews (namely, the Fair Funding Review, the government’s departmental Spending Review and Business Rates Retention Reform). The revised forecast deficit for the General Fund over the 2019-20 – 2023/24 period was £5.7m.
- 1.3 This report details two revised Medium Term Financial Plans – the General Fund Medium Term Financial Plan (MTFP) and a separate Housing Revenue Account MTFP to reflect the ring-fencing requirements around the Housing Service. Projections within each of these plans are based on the forecast outturn for the 2019/20 financial year, the draft budgeted position for 2020/21, national rent policy, the Spending Review (announced by the Secretary of State on 4 September 2019) and other assumptions around the Fair Funding Review and Business Rates Reform.
- 1.4 It is important to note that the draft budgeted position for 2020/21 and assumptions around funding for this and future years is currently based on the content of the Technical Consultation of the Local Government Finance Settlement (LGFS). With the General Election now scheduled for 12 December, Councils have been advised that it is not possible for hold the provisional settlement in early December, as is ordinarily the plan. Councils have been assured that the Ministry of Housing, Communities and Local Government (MHCLG) anticipates that the provisional settlement will be a priority for Ministers to consider after the General Election.

**2.0 JOURNEY TO SELF-SUFFICIENCY PROGRAMME**

- 2.1 The Journey to Self-Sufficiency Programme has, to date, delivered a range of outcomes associated with the council becoming more self-sufficient including the implementation of the Commercial Strategy, the redesign and approval of a new Corporate Charging Policy and the drafting of a new Asset Management Strategy. An update in respect of the programmes achievements was last reported to Cabinet in July 2019 and a further update on progress will be presented alongside the final budget in February.
- 2.2 Following a review undertaken by the Corporate Leadership Team the programme has been updated to reflect a wider council-wide approach, incorporating the Housing Revenue Account (HRA) as well as the General Fund so that the Council can manage its self-sufficient HRA even more effectively as well as create a General Fund position in the future to become self-sufficient and manage forecast deficits.

- 2.3 The ethos of the programme is to enhance the cost-effectiveness of the council's activities in spite of, rather than because of, a negative financial outlook (where one exists). The approach is therefore around the Council building on its 'One Team, One Council' value to make the most of resources and reinvestment opportunities and being the best it can possibly be.
- 2.4 It is, however, also recognised that there could be circumstances in the future which lead to the need for more profound measures for delivering savings. The new approach therefore looks at the level of threat posed to the ongoing financial sustainability of the council's General Fund and HRA funded services, allowing for more stringent levels of action and curtailment of services if required in the future, where necessary.
- 2.5 This approach also allows for a more comprehensive assessment of such circumstances and the various factors that affect our financial position. Non-delivery against targeted savings and/or significant adverse changes in projected financial position would trigger the need for this programme to focus its efforts towards activities identified in line with the next threat level. The Head of Finance will be responsible for reviewing savings targets and progress against as part of the bi-annual review of the MTFP, and the level of threat posed to the organisation will be assessed and determined by the Head of Finance in line with their statutory Section 151 duties to deliver an ongoing balanced budget.
- 2.6 The revised programme takes a thematic approach, with leads identified for six differently themed work streams. The work streams (listed below) will identify and exploit opportunities to generate income and reduce expenditure in order to deliver cumulative, year-on-year savings with financially effective and long-lasting changes that secure financial stability and sustainability and protect council services.
- 2.7 Thematic savings targets for both the General Fund and HRA have been established and are built into the proposed 2020/21 draft budgets and medium term financial plans, as set out below. Currently, the project scope for each of these work streams remains under development and a further update around the specifics of each theme will be shared with members in the New Year.
- 2.8 It is recognised that there will be a specific need for there to be work to underpin each of the themes to manage the impact of improvements to the way we work and on staff.

**Table 1, Journey to Self Sufficiency Programme Work Streams and Savings Targets**

Work Stream	General Fund			Housing Revenue Account		
	2020/21	2021/22 – 2024/25	Total MTFP	2020/21	2021/22 – 2024/25	Total MTFP
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial	170	680	850	25	525	550
Contract Management	100	800	900	25	200	225
Use of Assets	200	1,600	1,800	100	400	500
Transformational	25	550	575	25	400	425
Finance	50	650	700	50	650	700
Shared Services	25	250	275	0	250	250
<b>Total</b>	<b>570</b>	<b>4,530</b>	<b>5,100</b>	<b>225</b>	<b>2,425</b>	<b>2,650</b>

- 2.9 To ensure accountability for the delivery of savings, specific service level targets will be developed over the coming months to ensure there is effective accountability for these

targets at service-level across the organisation.

- 2.10 The Corporate Portfolio Holder will continue to act as Cabinet sponsor for the programme and updates will be provided on a monthly basis at the portfolio holder briefing session.

### **3.0 GENERAL FUND MEDIUM TERM FINANCIAL PLAN**

#### **2019/20 Forecast Outturn**

- 3.1 The forecast position at quarter two on the General Fund for 2019/20 is a surplus for the year of £232k, compared to a budgeted surplus of £161k. There has been adverse variances of £1.1m, of which £282k relates to a reduction in income, £776k in additional costs compared to the budget and a number of de-minimus variances of £12k. This is offset against favourable variances of £820k, of which additional income of £164k and reduction in costs of £656k.
- 3.2 In line with the decisions made by Council at its meeting on 26 February 2019, the budgeted surplus of £321k and any additional surpluses achieved will be transferred to the self-sufficiency reserve.

#### **Medium Term Financial Plan - Projections as at July 2019**

- 3.3 The projected deficit arising between 2019/20 – 2023/24, as last reported to members in July 2019 totalled £5.7m. To summarise this position, the following table details the projected financial position over the period:

**Table 2, Medium Term Financial Plan Projections as at July 2019**

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus/(Deficit)	325	365	-1,258	-2,103	-2,985	-5,656

- 3.4 The first and subsequent deficits were forecast as a result of the implementation of the three ongoing local government funding reviews that were originally planned to be implemented from April 2020. Our medium term financial plan had assumed that from April 2020 we would have a new business rates baseline and therefore retain less business rates income and receive less New Homes Bonus because we would only be rewarded for historic growth through legacy payments and not for new housing growth achieved in 2019.

#### **Review of Assumptions**

- 3.5 Appendix B includes a list of the original assumptions included in the MTFs and details of assumptions that have been revised.

#### **Budget Announcement and the Draft Local Government Finance Settlement**

- 3.6 On 4 September 2019, the Chancellor of the Exchequer made a Spending Review announcement which confirmed that the 2020/21 financial year is proposed to be a roll-forward one year settlement, based on the former four year multi-year settlement that covered 2016/17 – 2019/20. This announcement confirmed the Government's intention to introduce 75 per cent business rates retention and the Fair Funding Review in April 2021,

allowing time for the remaining decisions over the design of the reforms to be made by the Government including consultation with councils.

3.7 A Technical Consultation paper on the Local Government Finance Settlement for 2020/21 was released in early October and the Council submitted a response ahead of the 31 October deadline. The consultation followed on from the Spending Review announcement and has sought feedback on detailed range of proposals for 2020/21 including:

- A commitment to fund New Homes Bonus in 2020/21, with a new round of allocations for growth achieved to October 2019 as well as continued legacy payment for historic growth. The Government have confirmed their intention to look at the New Homes Bonus scheme and explore the most effective way to incentivise housing growth in the future.
- An elimination of negative Revenue Support Grant (which was due to affect NWLDC in 2020/21), meaning that the Council will not need to adjust its retained business rates to compensate for a negative RSG payment.
- An uprating of the Settlement Funding Assessment, which affects Baseline Funding Level, meaning that we get to retain business rates under the same conditions as at present, with an allowance for inflation.
- Authorities will be able to increase the Band D council tax by 2.0%. It is assumed from this that the £5 maximum will also be available for district councils, but this is yet to confirmed. This 2.0% threshold is lower than the last two financial years (where it was 2.99%).

3.8 The July 2019 version of the 2019/20 – 2023/24 General Fund medium term financial plan has been reviewed in light of the Spending Review and the consultation paper. The impact is that the plan shows a revised deficit position of £1.3m over this period compared to £5.7m, with an additional £1.5m anticipated to be retained in New Homes Bonus and retained Business Rates in in 2020/21. This report now details the impact of the deferral over the forthcoming five year period from 2020/21 – 2024/25.

As detailed in paragraph 1.4 above, the Council awaits the provisional LGFS to confirm funding levels in respect of Business Rates and New Homes Bonus, which will now be delivered after the General Election.

## **Draft Budget**

3.9 The assumptions around future expenditure included in the MTFP are based on the draft General Fund Revenue budget and inflated for future years. Details in respect of the budgetary proposals for 2020/21 can be found on the Draft General Fund Budget report on the same agenda as this paper.

3.10 The predicted surplus and contribution to General Fund reserves for 2020/21 is £847k. Assuming the forecast surplus is added to the Self-Sufficiency Reserve, the reserve would increase from an estimated £4.5m at 31 March 2020 to £5.3m at 31 March 2021.

## **Journey to Self-Sufficiency Programme Savings Targets**

- 3.11 As detailed in Section 2 above, the targeted savings of the Journey to Self-Sufficiency Programme have been included in the Draft General Fund revenue budget for 2020/21 and beyond.
- 3.12 These savings, totalling £5.1m over the life of the MTFP have therefore been assumed to occur and impacting the predicted deficit significantly.
- 3.13 However, it should be noted that these savings are targeted and there therefore remains a risk that savings are not delivered in full.
- 3.14 To illustrate this, an additional scenario has been modelled to demonstrate the impact of the savings not being achieved– please see paragraph 3.41 and 3.42 below and Appendix G.

## **Business Rates**

- 3.15 The ongoing Business Rate Retention Reform continues to consider the proposed changes to the Business Rates system. The reform will implement the move from the 50% Business Rate Retention Scheme to that of 75% system in 2020/21 alongside the reset of the business rates baseline. The reform was due to be implemented in April 2020, however, as part of the Spending Review announcement, the Government clarified its intention to introduce in April 2021.
- 3.16 This Business Rates baseline represents the anticipated level of business rates within a locality and is used within the existing 50% retention system to share business rates between local preceptors and the government. Income collected that is above this baseline tends to be as a result of growth in the local area and under the retention system, is shared on a basis that is more favourable to the council.
- 3.17 Currently, the business rates retention systems design working group are considering how to reset this baseline – one option is that the baseline is reset at the 2018/19 level of rates, meaning that we would continue to benefit from any growth in business rates from the 2019/20 year going forward. We have assumed that the baseline would be reset under this methodology in our MTFP.
- 3.18 However, if an alternative approach was taken, where the baseline is reset at the predicted 2021/22 level of rates, this would mean that recent business rates growth would be absorbed into the system and the Council wouldn't benefit directly. This 'alternative method' is currently being considered by the business rates retention systems design working group and an additional scenario has been modelled to show the potential effect of this approach to the resetting of the baseline if no future growth post 2021 were to be retained by the Council – please see paragraph 3.44 and 3.45 below and Appendix G.
- 3.19 Work has been undertaken to assess the likely growth in business rates to the Council in consultation with the Revenues and Benefits and Business Focus teams. Assessing growth is a continuous exercise due to the fluidity of business growth and decline and approval of commercial planning applications. Additional growth in the district has been identified for 2020/21 and as a result, been factored into the MTFP. The increase in retained Business Rates for next year is an increase of £495k compared to the 2019/20 budget. The 2019/20 budget however did include additional rates arising from the participating in the business rates pilot and so the increase in 2020/21 represents a significant amount of growth following the loss of these pilot monies in Leicestershire next year. This significant growth in business rates due to be collected in 2020/21 is largely as

a result of the significant developments in and around the North of the District and in particular Kegworth.

- 3.20 The district has a number of key sectors that may be impacted by Brexit through the movement of goods or people: Logistics, Aviation, Hospitality, Manufacturing and Aggregates. Equally the District is also home to a number of foreign owned businesses and European Headquarters for global firms whose future is less certain in light of the EU exit. Through ongoing engagement with businesses via the Council's Economic Development team, there hasn't been any defined thought or movement from businesses to Brexit. Officers have been unable to quantify the risk Brexit may pose to the Council's Business Rate income.
- 3.21 However, to illustrate the impact of a recession-type scenario, including the impact to Business Rates, work has been undertaken to assess the potential impact of an economic downturn to rates retained based on no growth and a further 2% decline in businesses operating as a result of more businesses qualifying for reliefs or businesses folding (alongside the perceived impact to council tax and council expenditure). An additional scenario to demonstrate the impact of this is included in the appendices – please see paragraph 3.41 and 3.42 below and Appendix G.

### **New Homes Bonus**

- 3.22 In the Government's September 2018 consultation on the Draft Local Government Finance Settlement, it was stated that 2019/20 represented the final year of New Homes Bonus funding agreed through the 2015 Spending Review. The Government stated that they would explore how to incentivise housing growth most effectively going forward and would consult on any proposed changes.
- 3.23 Given the announcements made as part of the Spending Review, the MTFP has been updated to take into account that the Council will receive a new round of allocations for growth achieved to October 2019 as well as continued legacy payment for historic growth.
- 3.24 Since the Government have confirmed their intention to look at the New Homes Bonus scheme and explore the most effective way to incentivise housing growth in the future, the Council continues to assume that the scheme will cease and that legacy payments only will be received in 2021/22 and 2022/23.
- 3.25 Other scenarios for New Homes Bonus include the scheme remaining as is or the scheme being abolished from 2021. An assessment of these scenarios can be found in Appendix G.

### **Council Tax**

- 3.26 The Council froze its share of council tax in 2019/20, representing the tenth year of this policy being in place. The cumulative loss of income as a result of this policy from 2010/11 to 2019/20 stands at £8.5m and the cumulative average saving to residents of £286.
- 3.27 The assumption for 2020/21 is that the Council's precept will not rise, taking the cumulative loss of income (based on a 2% increase for 2020/21) to £10.5m and the cumulative average saving to residents to £344 over the eleven years. The net income foregone by not increasing council tax for 2020/21 from its 2019/20 level is £109k and this is based on the national referendum limit of 2% as it is yet to be confirmed whether the government will allow the council to continue to raise precepts by £5 if it is a higher value than the 2% referendum limit.

- 3.28 In the plan presented to members in July 2019, it was assumed that the council tax freeze policy would remain in place for the foreseeable future and this assumption has not changed.
- 3.29 The impact of assuming a council tax precept freeze to 2024/25 is £1.7m of foregone council tax income based on the 2% national referendum limit.
- 3.30 To provide members with the impact to both residents and the Council over the life of the MTFP, the table below illustrates the impact to residents and the Council of the 2% national referendum limit and the £5 precept increase (pending government confirmation). The table also shows the impact of an illustrative 1% increase over the plan.

**Table 3, Impact to Residents and the Council of council tax increases**

<b>Increase Basis</b>	<b>Impact to Residents 2020/21 - 2024/25 £</b>	<b>Impact to Council 2020/21 - 2024/25 £'m</b>
Maximum £5 Increase - National referendum limit if higher than a 2% increase (pending Government confirmation)	75.00	2.65
2% Increase - National referendum limit	48.86	1.73
1% Increase - For illustrative purposes	24.11	0.85

- 3.31 Given the likely significant funding challenges, volatility and uncertainty faced by the Council from 2021, it is the recommendation of the Section 151 Officer that all current assumptions around funding should be reviewed in July 2020 by Cabinet as part of the mid-year review of the Medium Term Financial Strategy, when further clarity will be available surrounding future local government funding.
- 3.32 Growth projections in respect of the Council Tax Base for next year have been varied favourably to reflect growth achieved in the current financial year and growth projections from the planning team for 2020 and beyond. The revised projection for future years is 650 homes for 2021/22 and 600 homes per year thereafter.
- 3.33 A scenario to model the impact of an economic downturn to council tax funding has been assessed - please see paragraph 3.41 and 3.42 below and Appendix G.

### **Transitory Measures**

- 3.34 Transitory funding (often referred to as 'damping') is likely to occur when a council suffers a loss of total resources above a certain level upon implementation of a new funding regime around business rates and fair funding.
- 3.35 We currently remain unclear as to what level may be used to introduce transitory funding and the Government is yet to consult on this. Based on advice received from our funding advisors Pixel, an assumption of -5% has been used in the Medium Term Financial Plan.
- 3.36 Due to changes in the implementation date for changes to the local government funding system, assumed transitory funding within the refreshed MTFP has been reduced slightly over the 5 year term due to increased assumed business rates income.

- 3.37 It is unlikely that the council will be compensated for any loss below the -5% that occurs as a result of its historic policy to freeze council tax. Transition funding has therefore been incorporated into the MTFP (Appendix C) and the scenario analyses (Appendix G) at the level that could be received if the council's council tax precept had been increased from 2020 - 2024.

### **Achieving Carbon Neutrality**

- 3.38 As part of Draft General Fund Budget for 2020/21, a £1m climate change reserve has been set-aside to assist the organisation in managing the implementation of early climate change measures on the General Fund.
- 3.39 The impact of the council commitment to achieve carbon neutrality from its own operations by 2030 has at this stage not been fully costed and incorporated into medium term financial plans.
- 3.40 Work continues to progress in this area, with the development of a Zero Carbon Roadmap which is due to be shared with members in a workshop in early December before being presented to Cabinet in January 2020 for adoption.

### **Assessment of Assumptions and Sensitivity Analysis**

- 3.41 As detailed throughout the report, where it is appropriate to do so, additional analysis has been undertaken to test how sensitive the MTFP is to changes in assumptions and therefore circumstances concerning future funding and economic conditions.
- 3.42 Included in Appendix G is a summary table of 5 scenarios and the impact to MTFP projections set out against the Base version of the plan.

### **Medium Term Financial Plan – Revised Projections**

- 3.43 The projected deficit arising between 2020/21 and 2024/25 has now been assessed to be £1.2m over the five year period and can be found in the table below.
- 3.44 It is important to note that this position assumes the Council will meet savings targets of £5.1m over this period. Should these savings not be achieved the deficit projected over the term of the MTFP would increase. Please see Appendix G for details of the projected deficit of £6.3m that would arise if the targeted savings were not met.

**Table 4, Medium Term Financial Plan Projections as at November 2019**

	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>TOTAL £'000</b>
Surplus/(Deficit)	277	-884	-1,937	-2,060	-1,723	-6,326
Journey to Self-Sufficiency Savings	570	895	1,120	1,245	1,270	5,100
<b>Surplus/(Deficit)</b>	<b>847</b>	<b>11</b>	<b>-817</b>	<b>-814</b>	<b>-453</b>	<b>-1,226</b>

- 3.45 As detailed above, the anticipated balance of the Self- Sufficiency reserve as at March 2021 is £4.5m and it is intended that this reserve is to cover the investment cost for initiatives that will earn the council a revenue return to achieve the projections laid out in

Table 1. However, the reserve can also be utilised to balance deficit years where necessary.

3.46 The revised medium term financial plan can be found in Appendix C.

#### 4.0 REVIEW OF HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN

##### **2019/20 Forecast Outturn**

4.1 The forecast outturn position for the Housing Revenue Account for 2019/20 is a surplus of £1.7m, £296k higher than the approved budgeted surplus of £1.4m. The main causes of this surplus are:

- Reduced expenditure on a painting programme of £100k.
- Savings of £90k on utility costs, such as council tax, gas and electricity.
- Lower than anticipated responsive repair costs, saving £50k.
- Net staff cost savings of £84k.

##### **2020/21 Draft Budget**

4.2 The draft budget for 2020/21 is estimated to produce an operating surplus of £2.5m after making a contribution to the capital programme of £1.3m. We will utilise this operating surplus to the debt repayment reserve, and draw on it if required for future projects.

##### **HRA Medium Term Financial Plan - July 2019 Projections**

4.3 The projected financial position, presented in July 2019, showed that the HRA was able to fully fund its capital programme and meet loan commitments falling due over the five year period from 2019/20 to 2023/24, with surpluses of £14.3m over 5 years.

**Table 5, HRA Medium Term Finance Plan – July 2019 Projections**

HRA	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	TOTAL £'000
Total Income	17,649	18,026	18,414	18,775	19,194	92,058
Total Expenditure	-11,308	-11,547	-11,761	-11,982	-12,212	-58,810
Contribution to the Capital Programme (RCCO)	-1,700	-1,069	-104	-413	0	-3,286
Financing Expenditure	-3,223	-3,264	-3,246	-2,987	-2,953	-15,672
<b>Surplus</b>	<b>1,418</b>	<b>2,146</b>	<b>3,302</b>	<b>3,393</b>	<b>4,030</b>	<b>14,289</b>

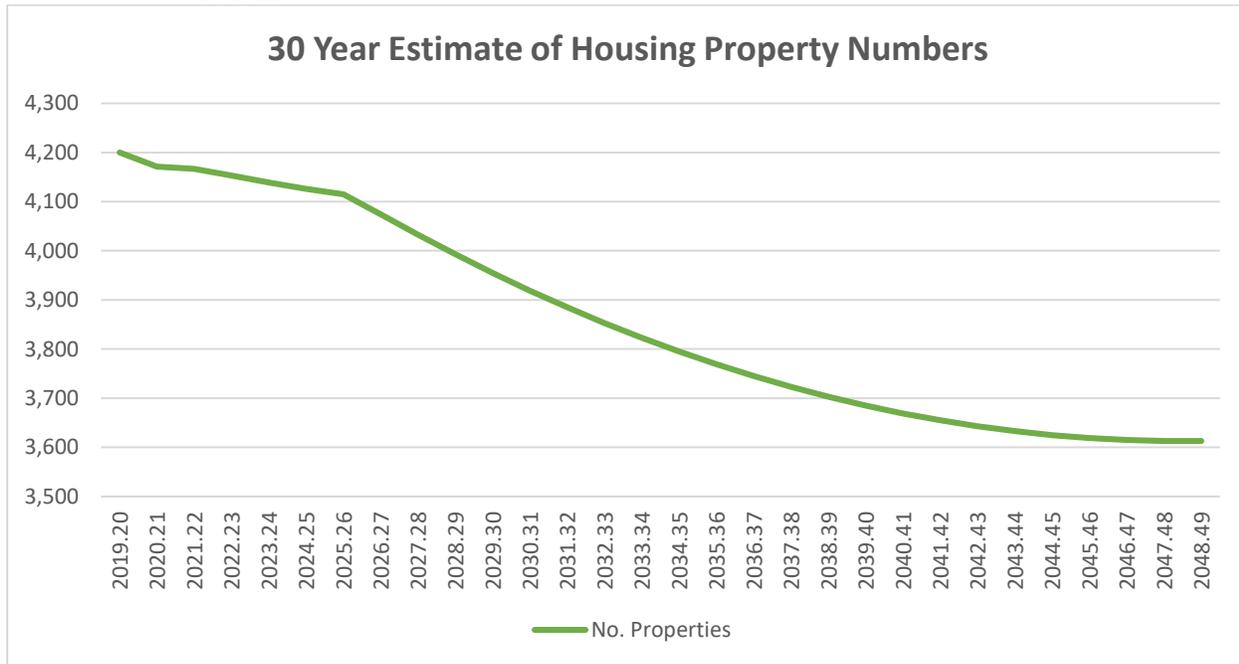
4.4 The July 2019 update suggested that, over the life of the MTFP, a shortfall of £26.4m was anticipated from 2041/42, as a result of a need to finance a large capital programme. This had fallen from the position forecast a year ago as a result of changes to assumptions, and demonstrates the high degree of uncertainty in forecasting a 30 year period.

##### **Review of Assumptions**

4.5 Since July 2019 we have taken further opportunity to review the assumptions underlying the model to ensure our forecasting remains consistent with best practice. Full details of the changes are included in Appendix F, but the key changes are:

**4.5.1 Adjustment of costs to reflect changes in property numbers.** As a result of our existing right to buy sale assumptions (which have not changed) we expect our property numbers to fall by 14.0% over the 30 year period, as shown by the graph

below.



To reflect this, we have introduced a new assumption that our management, repairs and non-new build capital programmes down will fall over the 30 years programme to reflect the falling numbers. We have assumed that a 1% reduction in property numbers leads to a 0.25% reduction in management and stock improvement costs, to reflect that falling property numbers does not necessarily lead to a proportionate fall in costs in capital costs.

This change assumption only applied to years 6-30 of the model, and reduces our costs over the 30 year period by £37.5m in addition to the changes noted below.

**4.5.2 Reducing our income inflation assumption.** In the last update we had assumed that the income from years 1-5 will increase by 1% more than inflation, as measured by the consumer price index, following the latest guidance from central government. From years 6 to 30 we had assumed that we would increase rents by 0.5% above inflation. To be more prudent we have now revised down the years 6 to 30 increases to just inflation, at a cost to the business plan of £37.2m.

4.6 We have also made a number of changes to our expectations over the 30 year period:

**4.6.1 Introduction of a 5 year New Supply Programme.** For the first time we have developed a 5 year new supply programme within our capital programme, for the purpose of building and acquiring new properties. We have budgeted the five year programme to cost £25.4m, up from an original planned expenditure of £1.6m. This is expected to produce an additional 168 houses over the 5 year period. The sustainability of the New Supply Programme is dependent on external funding, so does not currently include a provision for New Supply after 2024/25, but this assumption will be regularly reviewed.

**4.6.2 Reducing the size of the long-term capital programme.** The model has assumptions around the size of the Housing Capital Programme each year for 30 years. The July 2019 model had assumed that the non-new build elements of the capital programme would be £251.6m from years 6 to 30, an average of £10.1m per year. This is now considered to be an overassessment of need, and revised

figures have brought that down to £196.2m from years 6 to 30, or an average of £7.8m per year – saving the HRA business plan £55.4m.

**4.6.3 Updates to 2019/20 forecast expenditure.** We have updated our forecast expenditure for 2019/20, which has improved our financial position by £4.4m. This is due to £4.1m forecast underspend on the capital programme and additional surpluses of £0.3m on the revenue account.

**4.6.4 Changes within the 2020/21 budget.** The 2020/21 budget, before funding the capital programme, is £0.6m better than in July 2019, which is largely due to increases in the In-House Repairs Team's expected surplus now they are also completing the Home Improvement Programme for the Council, plus new savings targets as part of the Journey to Self Sufficiency programme. As budgets in years 3-30 are based on the 2020/21 budget this improves the 30 year budget position by £20.5m.

4.7 We have not yet included any cost assumptions for making the council carbon neutral by 2030, as we believe it to be premature to do so whilst we are still developing our roadmap to zero carbon. We will, however, look to introduce an assumption for this for our next update.

### **HRA Medium Term Financial Plan – Revised Projections**

4.8 The net result of these changes is an improvement to the HRA 30 plan of £56.8m. This favourable change means we now anticipate being able to repay the self-financing loans taken out in 2012 in full when they fall due, subject to members wishing to utilise these surpluses for service improvements. Members will however, retain the flexibility to re-finance these loans should they wish to do so.

4.9 The changes made to the model illustrate the high degree of uncertainty in forecasting a 30 year period, as our model is highly sensitive to small changes in assumptions, such as changes in our expected capital expenditure and measures of inflation. We will continue to monitor the 30 year financials but most of our focus will remain on the medium term period of the next five years, which are shown in the table below and a detailed breakdown is provided in Appendix F.

**Table 6, HRA Medium Term Finance Plan – December 2020 Projections**

<b>HRA</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>TOTAL £'000</b>
Total Income	18,301	18,860	19,447	20,056	20,580	97,245
Total Expenditure	-11,419	-11,599	-11,804	-12,005	-12,266	-59,093
Contribution to the Capital Programme (RCCO)	-1,334	-4,508	-5,086	-4,951	-4,711	-20,590
Financing Expenditure	-3,272	-3,233	-3,015	-3,014	-2,992	-15,526
<b>Surplus</b>	<b>2,275</b>	<b>-481</b>	<b>-458</b>	<b>86</b>	<b>613</b>	<b>2,035</b>
J2SS Adjustments	225	325	575	625	900	2,650
<b>Surplus</b>	<b>2,500</b>	<b>-156</b>	<b>117</b>	<b>711</b>	<b>1,513</b>	<b>4,686</b>

4.10 The HRA continues to generate healthy surpluses over the five year period, totalling £4.7m. However, this is lower than in previous forecast, as a result of higher contributions being made to the capital programme as a result of the New Supply programme being budgeted over 5 years and the resulting need for revenue contribution to capital to fund it.

4.11 As noted in section 2, the HRA is now included in the Journey to Self Sufficiency Programme. Whilst the HRA is already self-sufficient, the ethos of this programme applies equally to the HRA to ensure that we continually seek to improve the value for money we offer to our tenants. This is particularly important now we are adjusting our longer term predictions to reflect the reduction in property numbers (as outlined in paragraph 4.5.1), as we need to ensure our budgets reflect our reducing property numbers. The J2SS line in the table above sets out the HRA's saving or income targets for the five years.

### **Use of surpluses**

4.12 Through last year's budget process, Council agreed to allow us to use the HRA's surpluses more flexibly. Due to the ring-fenced nature of the account there are limited ways we can use surpluses, which are summarised as follows:

- **Repayment of debt.** We can repay the debt we took out in 2012 when we adopted a self-financing model.
- **Investing in capital projects.** We can use surpluses to fund capital projects, such as the building or purchasing of new homes and improvements to our existing homes and estates.
- **Improving our day to day service.** We can either invest in the service we offer or reduce the rents we charge.

4.13 In practice, we do all of these each year through our normal budgets. However, the more favourable 30 year financial outlook creates an opportunity to review what we hope to achieve using the HRA's resources. We will explore this further in the coming year with an informal workshop with Cabinet.

4.14 In the meantime, we propose paying additional surpluses into the debt repayment reserve when the funding is available, as this is the amount we would need to set aside each year to repay out debt. As this funding will be set aside for a number of years, we propose using the additional flexibility granted to dip into the reserve to provide funding in the future, if required.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The medium term financial plans seeks to understand the amount of resources the Council will have to deliver its priorities in the future.
Policy Considerations:	Not applicable.
Safeguarding:	Not applicable.
Equalities/Diversity:	Not applicable.
Customer Impact:	Not applicable.
Economic and Social Impact:	Not applicable.
Environment and Climate Change:	The full impact of the climate emergency, declared by Council in May 2019, is not yet known. The plans therefore do not reflect the potential effort required to make the Council carbon neutral by 2030.
Consultation/Community Engagement:	Not applicable.
Risks:	There are a number of risks associated with the medium term financial plan as clearly future events

	cannot be accurately predicted and as a result the economic outlook can change quickly. In addition, a great deal of uncertainty remains in the local government sector around core funding. A risk and sensitivity analysis is included within this report.
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**GENERAL FUND MEDIUM TERM FINANCIAL PLAN – JULY 2019**

	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000
Base Budget Indicative Base Budget (based on services assessment) Assumed Base Budget (5% increase year on year)	14,772				
<b>Total Budget before Savings/Surplus</b>	<b>14,772</b>	<b>13,683</b>	<b>14,757</b>	<b>15,045</b>	<b>15,358</b>
Transfer to reserves (Savings Required)/Surplus to Self-Sufficiency Reserve	325	365	(1,258)	(2,103)	(2,985)
<b>Total Final Expenditure Budget</b>	<b>15,096</b>	<b>14,048</b>	<b>13,499</b>	<b>12,942</b>	<b>12,374</b>
<b>Funding</b>					
Revenue Support Grant	0	0	0	0	0
Business Rates	6,598	4,056	4,811	5,569	6,332
New Homes Bonus	3,068	2,418	1,887	891	0
Council Tax	5,341	5,430	5,519	5,608	5,697
Council Tax Surplus	90	32	0	0	0
Other Grants	0	0	0	0	0
Damping	0	2,112	1,281	873	345
<b>Total Funding</b>	<b>15,096</b>	<b>14,048</b>	<b>13,499</b>	<b>12,942</b>	<b>12,374</b>

**GENERAL FUND REVENUE PROJECTIONS KEY ASSUMPTIONS**

		<b>Assumptions of Medium Term Financial Plan – January 2019</b>	<b>Revised Assumptions and additional information of the Medium Term Financial Plan – June 2019</b>	<b>Assumptions of Medium Term Financial Plan – November 2019</b>
Base Budget	1	As per 2019/20 draft budget.	As per 2019/20 final budget.	As per the 2020/21 draft budget
Indicative Base Budget	2.	Stabilisation of planning fees from 2018/19 at £1.2 million per annum	No change	Planning fees reduced to £1.1m for 2020/21 and then increased in line with inflation.
	3.	Stable car parking charges and income	No change	Car Parking charges remain stable, income has reduced. Car Parking is subject to a service review.
	4.	Local Council Tax Reduction / Support Scheme grant to town and parish councils reducing by £25k (approximately 25%) each year over four years, and maintain Special Expenses at their current levels	No change	No change. From 2021/22 the support grant to parishes will be nil.
	5.	Pay award in line with Local Government Pay Offer, with 3% built in for 2019/20 and 2% each year thereafter, pending a detailed redesign of the council's existing pay structure	No change, redesign of the council's pay structure has been implemented	Pay award in line with inflation estimates.
	6.	Pensions and national insurance costs inflated at anticipated levels to 2024.	No change. Additional pension contributions due to be confirmed later in the year. The 1% annual increase included in the base budget have been tested and has been confirmed as reasonable.	No change, expanded to 2025
	7.	Adjustment to align with the governments forecasts for CPI as announced as part of the Spring	No change, as confirmed via the Spring Statement	No change

		<b>Assumptions of Medium Term Financial Plan – January 2019</b>	<b>Revised Assumptions and additional information of the Medium Term Financial Plan – June 2019</b>	<b>Assumptions of Medium Term Financial Plan – November 2019</b>
		Statement: 2019/20 – 1.8% 2020/21 – 2022/23 – 2%		
	8.	Return on investments at previously achieved performance level of 0.7%, with no additional targets included for commercial activity such as a Local Housing Company or investment into property funds	No change. Anticipate change in line with 2020/21 budget and resultant investment income.	No change
	9.	Apprenticeship levy of 0.5%	No change	No change
	10	That the council saves £100k in corporate overheads in 2019/20 and £200k from 2020/21 and saves £25k in year 1 based on the net position of the new leisure outsourcing arrangement.  Additional interest and minimum revenue provision (repayment of internal debt) is also factored in from 2020/21.	No change. The 2019/20 base budget has been aligned with the management fees payable to and from the contractor. Management fee payable: <ul style="list-style-type: none"> <li>• 2019/20: £529k</li> <li>• 2020/21: £280k</li> <li>• 2021/22: £208k</li> </ul> Management fee receivable: <ul style="list-style-type: none"> <li>• 2022/23: -£59k</li> <li>• 2023/34: -£321k</li> </ul>	No change
Revenue Support Grant	11.	RSG is phased out in 2018/19. Although it should be noted that until the outcome of the Fair Funding review is known, negative RSG is absorbed into the council's business rate baseline funding level, reducing the council's funding position by: <ul style="list-style-type: none"> <li>• 2019/20: nil</li> <li>• 2020/21: -£210k</li> <li>• 2021/22: -£270k</li> <li>• 2022/23: -£320k</li> </ul>	No change, subject to the outcome of the Fair Funding review.	Elimination of the RSG for 2020/21.

		<b>Assumptions of Medium Term Financial Plan – January 2019</b>	<b>Revised Assumptions and additional information of the Medium Term Financial Plan – June 2019</b>	<b>Assumptions of Medium Term Financial Plan – November 2019</b>
Business Rates	12.	Partial Business Rates Baseline reset in 2020/21 at the 2018/19 level of business rates collected with transition payments assumed so that the council's net funding doesn't reduce below 5%.	Full Business Rates Baseline reset in 2020/21 at the 2018/19 level of business rates collected with transition payments assumed so that the council's net funding doesn't reduce below 5%. Subject to the outcome of the 75% Business Rates Retention system reform and the Fair Funding review.	Full Business Rates Baseline reset in 2020/21 at the 2019/20 level of business rates collected with transition payments assumed so that the council's net funding doesn't reduce below 5%. Subject to the outcome of the 75% Business Rates Retention system reform and the Fair Funding review.
	13	75% Business Rate Retention system implemented in 2020/21	No change. Business Rates are aligned with the 75% retention business rates pilot	No change
	14	Tariff on business rates income in line with Government announcement in respect of 2018/19. 2019/20 and beyond assumed at anticipated level before the announcement in respect of 2018/19. These projections will be updated once firmer detail is understood.	No Change	No change
New Homes Bonus	15	That New Homes Bonus funding is removed from 2020/21 but that legacy payments continue and reduce to NIL by 2023/24.	No change, pending outcome of Fair Funding Review.	No change, pending outcome of Fair Funding Review
Council Tax	16	Council tax assumed at 0% precept increase	No change, on the basis of the Conservative Party Manifesto commitment.	No change
	17	Estimates of council tax base increase of 1.8% every year (broadly 600 homes each year) which impacts on council tax base and NHB. Note that the average increase since 2014 has been in the region of 700 new homes per year.	Council tax base increases are 562 properties per year.	Council tax base increases are 650 for 2020/21 and 600 properties per year.

		<b>Assumptions of Medium Term Financial Plan – January 2019</b>	<b>Revised Assumptions and additional information of the Medium Term Financial Plan – June 2019</b>	<b>Assumptions of Medium Term Financial Plan – November 2019</b>
		<p>NB – A report was presented to Cabinet in December which amended the current discounts offered on second homes and empty homes.</p> <p>This will marginally increase the council tax base and therefore the income collected. These assumptions have now been built into the calculations.</p>		
Council Tax Surplus	18	£90k surplus for 2019/20, assumed at £32k 2020/21 and to NIL from 2021/22.	No change.	Assumed at £66k for 2020/21 in line with draft budget
Other	19	Self Sufficiency Reserve of £2.76 million.	Self Sufficiency now stands at £4.2 million.	Self Sufficiency now stands at £4.2 million.
	20	That we will maintain a minimum General Fund working balance will be maintained at the higher of £1.5 million or 10% of net expenditure to 2023	No change	No change
	21	The General Fund Capital Programme is fully funded.	No change. Resultant increases in finance costs reflected in base budget	No change
	22	Transitory measures based on assumption that the council will not suffer a loss of total resources of more than 5% in any one year.	No change	No change
	23	Minimum Revenue Provision policy revised in line with Statutory Guidance – impact to 2019/20 negligible, but increase in MRP for future years.	<p>No change.</p> <p>Anticipated increase in financing costs in future years, not only reflects the MRP policy change but also costs related to the council's need to borrow in 2022 as identified in the Treasury</p>	No change

		<b>Assumptions of Medium Term Financial Plan – January 2019</b>	<b>Revised Assumptions and additional information of the Medium Term Financial Plan – June 2019</b>	<b>Assumptions of Medium Term Financial Plan – November 2019</b>
			Management Strategy presented to Cabinet in February 19	
Transition Funding	24	Assumed to be received when core funding reduces by more than 5% of total funding. Calculated on basis that council tax precept has been increased.	Assumed to be received when core funding reduces by more than 5% of total funding. Calculated on basis that council tax precept has been increased.	No change

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN – REVISED PROJECTIONS**

	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
	£000	£000	£000	£000	£000
Base Budget					
Indicative Base Budget (based on services assessment)	14,508	15,548	15,864	16,006	16,591
Assumed Base Budget (5% increase year on year)					
Transfer to Climate Change Reserve	1,000				
Journey to Self-Sufficiency Programme Target Savings	(570)	(895)	(1,120)	(1,245)	(1,270)
<b>Total Budget before Savings/Surplus</b>	<b>14,938</b>	<b>14,653</b>	<b>14,744</b>	<b>14,761</b>	<b>15,321</b>
Transfer to reserves: (Savings Required)/Surplus to Self-Sufficiency Reserve	847	11	(817)	(815)	(453)
<b>Total Final Expenditure Budget</b>	<b>15,785</b>	<b>14,664</b>	<b>13,927</b>	<b>13,946</b>	<b>14,868</b>
<b>Funding</b>					
Revenue Support Grant					
Business Rates	6,882	4,613	5,397	8,186	9,012
New Homes Bonus	3,370	1,887	891	0	0
Council Tax	5,467	5,570	5,665	5,761	5,856
Council Tax Surplus	66	0	0	0	0
Other grants					
Damping		2,593	1,974	0	0
<b>Total Funding</b>	<b>15,785</b>	<b>14,664</b>	<b>13,927</b>	<b>13,946</b>	<b>14,868</b>

\* Subject to rounding

**HRA BUSINESS PLAN MODEL PROJECTIONS – JUNE**  
**2019**

Year	1	2	3	4	5
Financial Year	2019.20	2020.21	2021.22	2022.23	2023.24
<b>HRA 30 YEAR SUMMARY</b>					
Dwelling rents	17,009,750	17,384,057	17,759,063	18,107,675	18,513,203
Non-dwelling rents	65,920	67,238	68,583	69,955	71,354
Service charge income	553,070	553,931	565,010	576,310	587,836
Other income and contributions	20,120	20,522	20,933	21,352	21,779
<b>Total income</b>	<b>17,648,860</b>	<b>18,025,749</b>	<b>18,413,589</b>	<b>18,775,292</b>	<b>19,194,172</b>
Repairs & maintenance	5,372,410	5,506,720	5,644,388	5,785,498	5,930,135
Management (incl RRT)	2,693,780	2,761,125	2,830,153	2,900,906	2,973,429
Bad debts	100,000	103,287	105,602	107,688	110,109
Depreciation	3,139,190	3,172,954	3,178,525	3,185,399	3,195,080
Debt management	2,750	2,750	2,750	2,750	2,750
<b>Total costs</b>	<b>11,308,130</b>	<b>11,546,836</b>	<b>11,761,418</b>	<b>11,982,241</b>	<b>12,211,503</b>
<b>Net income from services</b>	<b>6,340,730</b>	<b>6,478,913</b>	<b>6,652,171</b>	<b>6,793,051</b>	<b>6,982,668</b>
Interest payable	-2,253,980	-2,226,562	-2,197,892	-1,861,824	-1,834,544
Interest income	108,550	116,171	131,982	81,377	115,311
<b>Net income/expenditure before appropriations</b>	<b>4,195,300</b>	<b>4,368,522</b>	<b>4,586,261</b>	<b>5,012,604</b>	<b>5,263,435</b>
Set aside for debt repayment	-1,128,190	-1,153,676	-14,179,746	-1,206,414	-1,233,694
Revenue contributions to capital	-1,700,000	-1,069,341	-104,240	-412,778	0
Allocation to/from other reserves	0	0	13,000,000	0	0
Other appropriations	50,730	0	0	0	0
<b>Net HRA Surplus/Deficit</b>	<b>1,417,840</b>	<b>2,145,505</b>	<b>3,302,275</b>	<b>3,393,412</b>	<b>4,029,742</b>

**HOUSING REVENUE ACCOUNT PROJECTIONS**  
**KEY ASSUMPTIONS**

	<b>MTFS 2019 – 2024 Original Assumptions (February 2019)</b>	<b>MTFS 2019 – 2024 Revised Assumptions (June 2019)</b>	<b>MTFS 2020 – 2025 Assumptions (November 2019)</b>
Income (Rents)	<ol style="list-style-type: none"> <li>1. As per Government rent policy of CPI + 1% for five years and then CPI + 0.5% for the remaining 25 years. CPI assumed at 2%.</li> <li>2. Rent loss performance on empty homes sustained at 0.8% for the life of the plan</li> <li>3. Right to Buy sales projected to be 36 in 2019/20, 34 in 2020/21 and falling to 30 per annum thereafter.</li> <li>4. 37 new homes added to the housing stock during 2019/20 at affordable rent levels and 20 in 20/21</li> </ol>	<ol style="list-style-type: none"> <li>1. No change</li> <li>2. No change</li> <li>3. Right to Buy sales increased to 40 in 2019/20, 42 in 2020/21 to 2023/24, 41 for the 4 years to 2027/28 in which is move to 40 in 2028/29 and decreases by two per year until it reaches 0.</li> <li>4. 26 new affordable properties added to stock levels in 2019/20 with 20 properties added in 2021/22.</li> </ol>	<ol style="list-style-type: none"> <li>1. As per Government rent policy of CPI + 1% for five years and then just CPI for the remaining 5 years. CPI assumed at 2%.</li> <li>2. No change</li> <li>3. No change</li> <li>4. 32 new homes added to the housing stock during 2020/21 with a target to start work on 30 properties per year thereafter for the 5 years of the programme.</li> </ol>
Base budget	<ol style="list-style-type: none"> <li>5. Inflationary increase of 3.5% per annum.</li> </ol>	<ol style="list-style-type: none"> <li>5. . Inflation increased revised down to 2.5% to bring to closer to Bank of England target rates.</li> </ol>	<ol style="list-style-type: none"> <li>5. No change</li> </ol>

	MTFS 2019 – 2024 Original Assumptions (February 2019)	MTFS 2019 – 2024 Revised Assumptions (June 2019)	MTFS 2020 – 2025 Assumptions (November 2019)
Other	<p>6. Surplus balances on the HRA to be transferred to the loan redemption reserve to repay the first £13 million of maturity loans.</p> <p>7. HRA Capital Programme is full funded</p> <p>8. The 30 year capital programme cost projects for the HRA was £186 million.</p>	<p>6. We now have £13 million so surpluses will be retained in working balances unless needed for other reasons.</p> <p>7. No change as the Capital Programme remains fully funded. There is a £1.7 million revenue to capital contribution budgeted in 2019/20 and our model predicts that further contributions may be needed to fund non-new build works in the future.</p> <p>8. This figure has increased to £188.0 million in today's prices. It rises to £287.1 million when inflation is added.</p>	<p>6. Due to increased surpluses, £2.0 million proposed to be transferred to the debt repayment reserve for the loans falling due in 2037, with surpluses above that being retained in balances pending strategic review.</p> <p>7. Revenue Contribution to Capital Outlay of £1.0 million in 2020/21 to continue to fund the Capital Programme.</p> <p>8. The 30 year capital programme cost projections for the HRA have been revised down to £229.0 million when inflation and additional New Build properties have been considered.</p> <p>9. New assumption: From year 6's onwards, we are revise down our management, repairs and capital costs to reflect the reducing number of properties we own, but a rate of 0.25% for every 1% fall in property numbers.</p>

**HRA BUSINESS PLAN MODEL PROJECTIONS – REVISED**  
**November 2019**

Year	1	2	3	4	5
Financial Year	2020.21	2021.22	2022.23	2023.24	2024.25

**HRA 30 YEAR SUMMARY**

Dwelling rents	17,326,390	17,865,420	18,433,259	19,022,166	19,525,518
Non-dwelling rents	65,920	67,238	68,583	69,955	71,354
Service charge income	556,770	567,905	579,264	590,849	602,666
Other income and contributions	351,920	358,958	366,138	373,460	380,930
<b>Total income</b>	<b>18,301k</b>	<b>18,859,523</b>	<b>19,447,243</b>	<b>20,056,430</b>	<b>20,580,467</b>

Repairs & maintenance	5,513,550	5,572,974	5,685,510	5,792,928	5,902,884
Management (incl RRT)	2,663,760	2,740,677	2,821,153	2,901,230	2,983,451
Bad debts	100,000	104,266	108,934	113,511	117,670
Depreciation	3,139,190	3,178,525	3,185,399	3,195,080	3,258,982
Debt management	2,750	2,750	2,750	2,750	2,750
<b>Total costs</b>	<b>11,419,250</b>	<b>11,599,192</b>	<b>11,803,746</b>	<b>12,005,499</b>	<b>12,265,737</b>

<b>Net income from services</b>	<b>6,881,750</b>	<b>7,260,330</b>	<b>7,643,497</b>	<b>8,050,931</b>	<b>8,314,730</b>
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Interest payable	-2,228,494	-2,197,892	-1,861,824	-1,834,544	-1,806,639
Interest income	109,900	144,981	53,073	54,248	76,698

<b>Net income/expenditure before appropriations</b>	<b>4,763,156</b>	<b>5,207,420</b>	<b>5,834,746</b>	<b>6,270,634</b>	<b>6,584,789</b>
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Set aside for debt repayment	-1,153,676	-14,179,746	-1,206,414	-1,233,694	-1,261,599
Revenue contributions to capital	-1,334,000	-4,508,406	-5,085,867	-4,950,864	-4,710,566
Allocation to/from other reserves	0	13,000,000	0	0	0
Other appropriations	225,000	325,000	575,000	625,000	900,000
<b>Net HRA Surplus/Deficit</b>	<b>2,500,480</b>	<b>-155,732</b>	<b>117,464</b>	<b>711,076</b>	<b>1,512,625</b>

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN 2020 – 2025**  
**SCENARIO ANALYSIS**

The table below is intended to illustrate an isolated change in a number of different assumptions to give readers an indication of the breadth of financial outcomes.

Isolated changes are highlighted in *red italic*.

**Table G1 – Summary of Scenario Analysis**

	<b>Most Likely Position</b>	<b>Savings targets not achieved</b>	<b>Alternative Model - Business Rates Baseline Reset</b>	<b>Economic Downturn</b>	<b>New Homes Bonus Scheme Continues</b>	<b>New Homes Bonus Scheme Abolished</b>
	<b>Base MTFP £'000</b>	<b>Scenario 1 £'000</b>	<b>Scenario 2 £'000</b>	<b>Scenario 3 £'000</b>	<b>Scenario 4 £'000</b>	<b>Scenario 5 £'000</b>
<b>What the Scenario is modelling?</b>	Most likely assumptions, given known information at November 2019 and impact of Journey to Self-Sufficiency savings being met in full.	The impact of Journey to Self-Sufficiency savings targets not being met.	The potential impact of the 'Alternative Model' methodology for resetting the business rates baseline in 2021 - the effect of which would be that the Council no longer benefit from new business rate growth.	The potential impact to business rates, council tax and expenditure of economic downturn commencing in 2020/21.	The impact of the New Homes Bonus scheme continuing in the future on the same basis as it currently operates.	The impact of the New Homes Bonus scheme being abolished from 2021.
<b>NHB</b>	0.4% Baseline; Legacy payments from 2020	as per Base	as per Base	as per Base	<i>NHB scheme continues as is</i>	<i>NHB scheme abolished in 2021</i>

	Most Likely Position	Savings targets not achieved	Alternative Model - Business Rates Baseline Reset	Economic Downturn	New Homes Bonus Scheme Continues	New Homes Bonus Scheme Abolished
	Base MTFP £'000	Scenario 1 £'000	Scenario 2 £'000	Scenario 3 £'000	Scenario 4 £'000	Scenario 5 £'000
<b>Business Rates</b>	Full reset in 2020 based on 19/20 rates level	as per Base	<i>Alternative Model methodology for resetting of baseline - no growth post 2021</i>	<i>No growth over life of MTFP and a 2% reduction as a result of businesses folding</i>	as per Base	as per Base
<b>Council Tax</b>	0% precept to 2024, growth 650 homes 21/22, 600 p.a. thereafter	as per Base	as per Base	<i>2% reduction in council tax receipts as more people become eligible for reprieve</i>	as per Base	as per Base
<b>Journey to Self-Sufficiency Savings</b>	Savings achieved as per targets (total of £5.1m over period and equating to £1.27m per year by 2025)	Nil savings achieved over period of MTFP	as per Base	as per Base	as per Base	as per Base
<b>Transition</b>	Transitional funding in place when total resources falls below -5% (assessed as if Council Tax had increased historically year on year)					
<b>Expenditure</b>	As per budgetary forecasts	<i>J2SS Savings not achieved</i>	as per Base	<i>1% increase in expenditure to reflect increased demand on services and reduced planning fee income</i>	as per Base	as per Base
<b>Surplus / - Deficit Position £'000</b>	-£1,226	-£6,326	-£10,445	-£12,560	£40,724	-£1,576

**Table G2 - In Year Surplus/ (Deficit)**

	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>Total £'000</b>
Surplus/(Deficit)	847	11	-817	-815	-453	<b>-1,226</b>
Scenario 1	277	-884	-1,937	-2,060	- 1,723	<b>-6,326</b>
Scenario 2	813	11	-957	-4,952	-5,361	<b>-10,445</b>
Scenario 3	-661	-1,516	-2,463	-3,338	-4,581	<b>-12,560</b>
Scenario 4	813	2,740	6,901	13,246	17,025	<b>40,724</b>
Scenario 5	813	32	-1,152	-815	-453	<b>-1,576</b>

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – WEDNESDAY,  
8 JANUARY 2020

<b>Title of Report</b>	<b>TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21 AND PRUDENTIAL INDICATORS 2020/21 – 2022/23</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>		<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	Interest earned on balances and interest paid on external debt, impact on the resources available to the authority.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	<p>This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's treasury management indicators for 2020/21 to 2022/23. It fulfils key requirements of the:</p> <ul style="list-style-type: none"> <li>• Local Government Act 2003;</li> <li>• The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in Public Services;</li> <li>• The Treasury Management Investment Strategy in accordance with the MHCLG Investment Guidance;</li> <li>• The reporting of the prudential indicators as required by the CIPFA Prudential Code for Finance in Local Authorities; and</li> <li>• The requirement for a Policy for the Annual Minimum Revenue Provision.</li> </ul>	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE PROVIDE ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY 2020 TO CONSIDER THE TREASURY MANAGEMENT STRATEGY 2020/21 AND RECOMMEND ITS PROPOSALS TO COUNCIL ON 25 FEBRUARY 2020.</b>	

## 1. INTRODUCTION

- 1.1 Local Authorities are required to approve a treasury management strategy (TMSS) and an investment strategy before the start of each financial year, in line with the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services Code of Practice' 2017 Edition (the CIPFA Code).
- 1.2 CIPFA have responsibility for the Treasury Management Code of Practice and Prudential Code. The Ministry for Housing, Communities and Local Government (MHCLG) is responsible for preparing the guidance on Local Authority Investments and the guidance on Minimum Revenue Provision.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Strategy Report which is a separate item on the agenda for Cabinet on 4 February 2020.
- 1.4 In accordance with MHCLG Guidance, Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this statement is based, change significantly.
- 1.5 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."
- 1.6 This report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and MHCLG Investment guidance. All treasury activity will comply with relevant statute, guidance and accounting standards.
- 1.7 The TMSS (Appendix 1) sets out:
  - a) Organisational roles and responsibilities (section 2).
  - b) The role of the Authority's treasury advisor (section 3).
  - c) Reporting and monitoring of treasury management activity (section 4).
  - d) Background information used to determine borrowing and investment requirements (sections 5 and 6).
  - e) Borrowing (Appendix A) and debt rescheduling (Appendix B) strategies. Total Authority's interest payments on existing debt are estimated at £2,689,371 in 2020/21.
  - f) Treasury Management Investment Strategy (Appendix C). Security of capital is the first and most important investment policy objective.
  - g) Apportionment of Interest Strategy (Appendix D). Total investment income is estimated at £300,702 in 2020/21 (General Fund - £190,800, HRA - £109,902).
  - h) Treasury Management and Prudential Indicators for 2020/21 to 2024/25 (Appendix E). These are designed to monitor borrowing limits, debt levels and investment returns.
  - i) Annual Minimum Revenue Provision Statement for 2020/21 (Appendix F). General Fund MRP is estimated at £806,174.

- 1.8 Members should note that the strategy is currently aligned to the Draft Capital Programmes 2020/21-2024/25 and therefore is subject to change as part of the presentation of the final budget to Cabinet and Council on 4 and 25 February 2020 respectively.
- 1.9 As previously mentioned the Council has consulted with their external consultants Arlingclose, to provide advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Council in the context of the expected level of cash balances and the need for liquidity throughout the year. Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims primarily to avoid credit risk by holding a minimum level of investments for cash flow liquidity purposes only. The majority of the Council's surplus cash is currently invested in highly liquid short-term unsecured bank deposits, short-term deposits with other local authorities and money market funds. Should investment balances increase and are forecast to be available for a sustained period the Council will aim to diversify further into secured asset classes and look to invest for longer periods. The value to be obtained from longer term investments will be carefully assessed (including the need for borrowing) and the Council estimates cash balances between £2.5m to £5m can be released for longer term investment. This strategy was put in place in 2019/2020 and the Council will now seek to take advantage of this alternative investment approach in 2020/21.
- 1.10 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. To this end the balance sheet forecast shows that the council does not expect to borrow in 2020/21. Borrowing may be required by 2021/22 should the council wish to maintain its MIFID (Markets in Financial Instruments Directive 2004/39/EC )status which requires an investment balance of £10m at any one time.
- 1.11 The Council will have a requirement for short-term borrowing in 2022/23, after the completion of the new build Leisure Centre. This requirement is dependent on the nature of the cash flow fluctuations, such as collection of Council tax, business rates, grants, and capital receipts, payments to other precepting authorities or central government and interest on treasury activity. The benefits of short-term borrowing will be monitored regularly as part of the Treasury management activity.
- 1.12 In the future, the council may consider other service delivery models (for example shared services) and these will potentially affect the council's balance sheet and treasury position. Should alternative delivery models be agreed and implemented and the assumptions on which this statements is based alter significantly, a new TMSS will be presented to Members.
- 1.13 Finally, last year Council agreed to no longer automatically set aside its budgeted HRA surpluses for the repayment of maturity loans that fall due from 2037. We are proposing to put surpluses into the debt repayment reserve and draw upon them to fund projects, such as New Supply work or work to reduce our carbon emissions, when needed. This makes the default option to save surpluses to repay debt, but continues to give us the flexibility

to use surpluses for other purposes. We will ensure that the debt repayment reserve retains the £13m previously set aside to repay two maturity loans that fall due in March 2022. The remaining maturity loans total £43.8m, with £10m due to be repaid 2037 and £33.8m in 2042.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	None
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment and Climate Change:	Not applicable
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of Treasury and Investment Strategies, compliance with the CIPFA Code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to offer expert advice.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

### TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

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

- The Borrowing Strategy 2020/21 (APPENDIX A)
- The Debt Rescheduling Strategy 2020/21 (APPENDIX B)
- The Annual Treasury Management Investment Strategy 2020/21 (APPENDIX C)
- The Apportionment of Interest Strategy 2020/21 (APPENDIX D)
- The Treasury Management and Prudential Indicators 2020/21 to 2024/25 (APPENDIX E)
- The Annual Minimum Revenue Provision (APPENDIX F)

1.1 The Council 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 Council'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)

### 2.0 **Organisational Roles and Responsibilities**

2.1 In accordance with CIPFA guidance, the roles and responsibilities of the Council'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.
- The authorisation of Inter-Local Authority investment decisions.

Finance Team Manager (Deputy Section 151 Officer) – ensuring that day to day treasury activities comply with the approved Treasury Management Strategy Statement and approving Inter-Local Authority investment decisions in the absence of the Head of Finance.

Technical Accountant – identification of investment opportunities and borrowing requirements and acts as the Council's interface with brokers and counterparties. Routine investments decisions are made by the Technical Accountant, with the exception of Inter-Local Authority transactions. This role is delegated to a Finance Business Partner in the absence of the Technical Accountant.

2.2 The needs of the Council's treasury management staff for training in investment

management, are assessed through the 'BEE Valued' staff appraisal process and additionally when the responsibilities of individual members of staff change.

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

### 3.0 **The Role of the Council's Treasury Advisor**

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

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

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

### 4.0 **Reporting and Monitoring of Treasury Management Activity**

- 4.1 The Treasury Management Stewardship Report for 2019/20 will be presented to the Audit and Governance Committee for scrutiny and then Cabinet as soon as possible after the end of the current 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 2020/21.

- 4.2 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 Council's website. This demonstrates compliance with MHCLG 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.

### 5.0 **External Factors**

- 5.1 The information below is provided by the Council's Treasury Advisors, Arlingclose Ltd and is intended to provide context of the current UK economic climate.

**Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Councils treasury management strategy for 2020/21.

UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate ticked back up to 3.9% while the employment rate was 75.9%, just below recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.

GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction

added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.

In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back on of the ongoing trade war with China. At its last meeting the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.

**Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

**Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside.

However, short-term volatility arising from both economic and political events over the period is a near certainty.

## 6.0 **Outlook for UK Interest Rates:**

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

<b>Bank Rate %</b>	<b>Dec 2019</b>	<b>March 2020</b>	<b>June 2020</b>	<b>Sept 2020</b>	<b>Dec 2020</b>	<b>March 2021</b>	<b>June 2021</b>	<b>Sept 2021</b>
Upside Risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>
Downside Risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75

**6.2** The Council's treasury advisor has forecast the Bank Rate to remain at 0.75% over the medium term.

## **7.0 Implications for Treasury Activity**

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

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

## **8.0 Markets in Financial Instruments Directive (MiFID)**

**8.1** As reported in the Treasury Management Strategy 2019/20, MiFID regulations gave the council the option to retain Retail status or to 'opt-up' to Professional status when dealing with advisers, brokers, banks and fund managers. The council 'opted-up' to Professional status and given the size and range of the council's treasury management activities, the Head of Finance (S151 Officer) believes this to be the most appropriate status.

**8.2** To enable the council to maintain 'Professional' status, it is required under the MiFID regulations to maintain an investment level of at least £10m.

**8.3** It is the intention of the council to maintain balances at this level for investment, to allow it to continue to access the full range of investment options that it currently has access to and this position will be monitored on an ongoing basis. Should the council drop below the £10m investment limit, it would no longer be able to access investments including but not limited to: shares, bonds, debentures, units in collective investment schemes and money market funds.

**8.4** The cash flow is monitored weekly for significant movements in expenditure and income. The current cash flow position indicates that the £10m investment limit will be maintained in 2020/21.

## **9.0 FUTURE SIGNIFICANT EVENTS**

**9.1** The Council continues to own 2 leisure centres, Hood Park Leisure Centre in Ashby and Hermitage Leisure Centre in Whitwick, Coalville, following the outsourcing of the provision of these centres in May 2019. Under the new contract with Everyone Active, the Hermitage site will close and a new replacement facility in Coalville (funded by the Council) opened in March 2022. The funding of the build of this new facility internal borrowing requirement comes after we have built the leisure centre.

**9.2** The self-financing of the HRA was presented to Cabinet on 13th March 2012 in the 'Housing Revenue Account (HRA) Business Plan' and included the council taking on

£76.785m of debt to buy itself out of the former national Housing Revenue Account Subsidy system. Since that date, HRA surpluses have been set aside in a Loan Redemption Reserve for the purposes of repayment of the first two maturity loans when they mature. This reserve now has the £13m needed to repay these loans in when they mature in March 2022. Last year, Council approved a more flexible approach to using surpluses, which means we can use them to invest in capital improvements, new housing stock, service improvements or the repayment of debt. In response, we are continuing to put surpluses into the debt repayment reserve, but expect to draw upon those reserves when they are needed to fund projects. The existing two annuity loans will continue to be repaid as required until they are paid off in 2021 and 2032.

## 10.0 THE COUNCIL'S CURRENT BALANCE SHEET AND TREASURY POSITION

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

	31.03.19 Act £m	31.03.20 Forecast £m	31.03.21 Forecast £m	31.03.22 Forecast £m	31.03.23 Forecast £m	31.03.24 Forecast £m	31.03.25 Forecast £m
General Fund CFR	16.4	19.0	31.5	41.4	41.1	40.7	40.2
HRA CFR	72.9	71.8	70.6	56.4	55.2	54.0	52.7
<b>Total CFR</b>	<b>89.3</b>	<b>90.8</b>	<b>102.1</b>	<b>97.8</b>	<b>96.3</b>	<b>94.7</b>	<b>92.9</b>
Less: External Borrowing	81.2	80.1	79.0	64.8	62.6	59.8	58.5
<b>Internal Borrowing</b>	<b>8.00</b>	<b>10.6</b>	<b>23.2</b>	<b>33.0</b>	<b>33.7</b>	<b>34.8</b>	<b>34.4</b>
Less: Usable Reserves	38.4	36.8	36.5	22.5	19.7	17.9	15.7
Less: Working Capital Estimate	(16.8)	(15.3)	(13.8)	(12.3)	(10.8)	(9.3)	(9.3)
<b>Investments or (New Borrowing)</b>	<b>47.2</b>	<b>41.5</b>	<b>27.2</b>	<b>1.9</b>	<b>(3.2)</b>	<b>(7.6)</b>	<b>(9.4)</b>

10.2 The Council has an increasing General Fund CFR due to the use of borrowing to fund the Capital Programme, which includes the Leisure Services Project which was agreed at Council 21 November 2017 and subsequently outsourced to Everyone Active in May 2019.

10.3 The Leisure Project expenditure is scheduled between 2019 and 1 March 2022 and this expenditure will be funded by internal borrowing. The effect of this is that there is less cash available for investment by 31 March 2022 and a borrowing requirement arising in March 2023. The council will continue to assess this forecast position and explore borrowing options closer to this date should the need remain.

10.4 The Council's level of physical debt and investments is linked to the components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council's short

term strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).

The following table shows the Investment and debt portfolio position:

	Portfolio as at 31 March 2019 £m	Portfolio as at 03 Nov 2019 £m
External Borrowing:		
PWLB	72.8	72.2
Local Authorities	1.0	1.0
Banking Sector	3.9	3.9
LOBO Loans	3.5	3.5
<i>Total External Borrowing</i>	<i>81.2</i>	<i>80.6</i>
Other Long Term Liabilities	0.1	0.1
<b>TOTAL GROSS EXTERNAL DEBT</b>	<b>81.3</b>	<b>80.7</b>
Investments:		
Short Term - Managed in- house	39.6	39.8
Long Term - Managed in- house	3.00	3.00
Fund Managers– Managed Externally	0.0	0.0
Pooled Funds-Managed Externally	5.8	18.5
<i>Total Investments</i>	<i>48.4</i>	<i>61.3</i>
<b>NET DEBT</b>	<b>32.9</b>	<b>19.4</b>

**10.5** CIPFA's 'Prudential Code for Capital Finance in Local Authorities' recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The Council expects to comply with this recommendation during 2020/21.

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

**11.1** A new and separate strategy has been produced to provide the strategic framework under which the Service and Commercial Investments are undertaken. This document is presented to members alongside the Treasury Management Strategy Statement.

**11.2** The Investment Strategy included in this document (Treasury Management Strategy Statement) at Appendix C, provides the strategic framework in which its Treasury Management investment activity is undertaken.

**BORROWING STRATEGY 2020/21**

At the 31 March 2020, the Council will hold loans totalling £80.1m (£71.6m HRA and £8.4m General Fund). This is a decrease of £1.2m on the previous year (£72.9m HRA and £8.4m General Fund) and is part of the Council's strategy for funding previous years' Capital Programmes and for the self-financing of the HRA, which was presented to Cabinet on 13th March 2012 in the "Housing Revenue Account (HRA) Business Plan".

The balance sheet forecast in paragraph 10.1 shows that the council does not expect the need to borrow in 2020/21. Borrowing may be required by 2021/22 should the council wish to maintain its MIFID status which requires an investment balance of £10m at any one time. The Council has a need to borrow in 2022/23 and this strategy sets out the methodology and approach that will be taken into consideration at that time.

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

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

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal/short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

- Leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive options. The Council will look to borrow any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

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

The Council holds one LOBO (Lender's Option Borrower's Option) loan of £3.5m where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. This LOBO has options during 2020/21 and although the Council 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 Council will take the opportunity to repay LOBO loans at no cost if it has the opportunity to do so.

The total amount borrowed will not exceed the 2020/21 authorised borrowing limit of £118m, which is line with the prudential indicators.

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 2020/21**

The Council 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. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

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 Council's Treasury Management Policy and Strategy. The Council will agree in advance with its treasury advisor, the strategy and framework within which debt will be repaid/rescheduled, should opportunities arise. Thereafter, the Council'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 Council's treasury advisor and discussed with the Council'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 TREASURY MANAGEMENT INVESTMENT STRATEGY 2020/21**

The Council invests its money for three broad purposes:

1. Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments)
2. To support local public services by lending to or buying shares in other organisations (service investments), and
3. To earn investment income (known as commercial investments where this is the main purpose)

This strategy focuses on the first of these three purposes.

A separate report 'Investment Strategy – Service and Commercial' presented to Cabinet alongside the Treasury Management Strategy Statement, focuses on the second and third of the three purposes above.

The Council holds invested funds which represent income received in advance of expenditure plus balances and reserves held as reflected in the balance sheet forecast in paragraph 10.1.

From 2020/21 onwards, investment levels are likely to decrease due to the use of reserves and internal borrowing to fund the capital programme, repayment of debt in 2022/23 and 2023/24 and movements in reserves in the revenue budget. However, we intend to maintain investment balances above £10m to comply with MiFID requirements highlighted in section 4 of this report.

### **Investment Policy**

The CIPFA Code requires the council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The council'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. Where balances are expected to be invested for more than one year, the council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The Council's investment priorities are:

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

If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

## **Investment Strategy**

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to continue to invest in more secure asset classes during 2020/21. This is especially the case for the estimated £2.5m to £5m that is available for longer-term investment. The council's surplus cash is currently invested in; short-term unsecured bank or building society deposits, money market funds and short and long term investments with other Local Authorities.

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

The Council compiles its cash flow forecast on a pessimistic basis, with receipts underestimated and payments over-estimated to minimise the risk of the Council having to borrow on unfavourable terms. Limits on investments are set with reference to the Council'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.

Under the new IFRS 9 standard, the accounting for certain investments depends on the council's 'business model' for managing them. The council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and so these investments will continue to be accounted for at amortised cost.

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

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

## **Approved Counterparties**

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

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

The above table must be read in conjunction with the notes below:

**Operational bank account Lloyds Bank:** The Council's own bank, will be subject to the limits in the above table for investment balances, but also accommodate necessary short-term cash management balances within its bank account for periods no longer than 7 days.

These balances are not classed as investments, but are still subject to the risk of a bank bail-in, and operational balances will therefore be kept at no more than £5m.

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

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in, should the regulator determine that the bank is failing or likely to fail.

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

**Government:** Loans, Bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject

to bail-in and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

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

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

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

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short-term. These allow the Council 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 Council's investment objectives will be monitored regularly.

**Real Estate Investment Trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental incomes to investors in a similar manner to pooled property funds. As with property funds, REIT's offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

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

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

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

The council 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 and analysis and advice from the council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above 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 council 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 Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills 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.

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 £6 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, foreign countries and industry sectors as below:

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country
Registered Providers and registered social landlords	£5m in total
Unsecured Investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£20m in total (max £6m per fund)
Real Estate Investment Trusts	£10m in total

**Supplementary due diligence:** the following additional steps have been implemented

- Investments with counterparties with a credit rating below A- are to be discussed and agreed with the Portfolio Holder for Finance before the transaction has taken place.
- Checks on Local Authority investments are to be undertaken by the S151 / Deputy S151 officer prior to lending. The checks undertaken will be in the form of information in the public domain. This could include any CIPFA (or other) resilience score, balance sheet review of the local authority and any media releases available.

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

Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs of increase income at the expense of greater risk (e.g. LOBO loans and

callable deposits). The general power of competence in section 1 of the Localism Act 2011, removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council 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 council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**APPORTIONMENT OF INTEREST STRATEGY 2020/21**

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

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

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

Interest received on investment income is budgeted to be apportioned between General Fund and the Housing Revenue Account based on an estimated cash flow position and balance sheet forecast. For 2020/21, the budgeted investment income is £400,701 and is apportioned as follows: £254,251 General Fund and £146,450 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 Council to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

## CAPITAL INDICATORS

## 2. Estimates of Capital Expenditure

The Council's planned capital expenditure and financing is summarised in the table below. Further detail is provided in the Capital Programme report being taken to Cabinet on 10 December 2019.

Capital Expenditure	2019/20 Approved £m	2019/20 Revised £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m
Non-HRA	12.708	5.397	18.898	11.613	2.019
HRA	13.110	10.193	10.837	12.711	11.451
<b>Total</b>	<b>25.818</b>	<b>15.590</b>	<b>29.735</b>	<b>24.324</b>	<b>13.470</b>

Capital expenditure will be financed or funded as follows:

Capital Financing	2019/20 Approved £m	2019/20 Revised £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m
Capital receipts	0.34	0.34	4.068	0.4	0.4
Government Grants	0.67	0.67	0.67	0.67	0.67
Major Repairs Reserve	3.87	3.063	3.869	3.947	3.246
Reserves	7.617	5.507	5.172	5.528	2.575
Other Contribution-S106	1.128	1.128	0.255	0.045	0.004
Grants - Other	0.53	0.53	0.54	0.2	0.2
Revenue contributions	1.98	1.98	1.606	2.591	5.026
<b>Total Financing</b>	<b>16.135</b>	<b>13.218</b>	<b>16.18</b>	<b>13.381</b>	<b>12.121</b>
Unsupported borrowing	9.683	2.372	13.555	10.943	1.349
<b>Total Funding</b>	<b>9.683</b>	<b>2.372</b>	<b>13.555</b>	<b>10.943</b>	<b>1.349</b>
<b>Total Financing and Funding</b>	<b>25.818</b>	<b>15.590</b>	<b>29.735</b>	<b>24.324</b>	<b>13.470</b>

### 3. Capital Financing Requirement

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

Capital Financing Requirement	2018/19 Actual £m	2019/20 Est £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m
Non-HRA	16.4	19.00	31.5	41.4	41.1	40.7
HRA	72.9	71.8	70.6	56.4	55.2	54.0
<b>Total CFR</b>	<b>89.3</b>	<b>90.8</b>	<b>102.1</b>	<b>97.8</b>	<b>96.3</b>	<b>94.7</b>

The General Fund CFR is forecast to rise over the medium term. This is in line with the Capital programme schemes that are financed by debt. The detail of these schemes can be found in the capital report presented to Cabinet at the same meeting as this strategy.

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

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

Debt – as at 31 March	2019 Act £m	2020 Est £m	2021 Est £m	2022 Est £m	2023 Est £m
Borrowing	81.245	80.117	78.963	64.783	62.576
Transferred Debt	0.104	0.097	0.090	0.082	0.075
<b>Total Debt</b>	<b>81.349</b>	<b>80.214</b>	<b>79.053</b>	<b>64.865</b>	<b>62.651</b>

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

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

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

The Section 151 Officer has delegated council, 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	2019/20 Approved £m	2019/20 Revised £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m
Borrowing	130.414	115.547	138.380	158.736	136.881
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500

<b>Total</b>	<b>130.914</b>	<b>116.047</b>	<b>138.88</b>	<b>159.236</b>	<b>137.381</b>
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The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. 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 Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

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

<b>Authorised Limit for External Debt</b>	<b>2019/20 Approved £m</b>	<b>2020/20 Revised £m</b>	<b>2020/21 Est £m</b>	<b>2021/22 Est £m</b>	<b>2022/23 Est £m</b>
Borrowing	132.414	117.547	140.380	160.736	138.881
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
<b>Total</b>	<b>133.144</b>	<b>118.247</b>	<b>141.08</b>	<b>161.436</b>	<b>139.581</b>

The Council 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 Council and not just those arising from capital spending reflected in the CFR.

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

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

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2018/19 Actual %</b>	<b>2019/20 Approved %</b>	<b>2019/20 Revised %</b>	<b>2020/21 Est %</b>	<b>2021/22 Est %</b>	<b>2022/23 Est %</b>
Non-HRA	5.69	6.07	6.07	7.97	15.53	18.46
HRA	12.09	12.16	12.09	11.79	11.12	9.56
<b>Total (Average)</b>	<b>9.27</b>	<b>9.37</b>	<b>9.37</b>	<b>10.11</b>	<b>13.0</b>	<b>13.16</b>

The Council has an increasing ratio of Non-HRA financing costs due to forecast increases of interest on loans and MRP contributions and reducing revenue income streams. The HRA financing costs will fall in 2020/23 following repayment of £13m of loans, which reduces interest costs by £339k.

## 7. Incremental Impact of Capital Investment Decisions

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

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2019/20 Approved £</b>	<b>2019/20 Revised £</b>	<b>2020/21 Estimate £</b>	<b>2021/22 Estimate £</b>	<b>2022/23 Estimate £</b>
Increase in Band D Council Tax	4.49	3.72	7.00	10.40	12.62
Increase/(Decrease) in Average Weekly Housing Rents *	-0.12	-.13	6.43	17.60	23.14

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

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

Similarly, the proportion of rents spent on the HRA capital programme is increasing as we have planning to spend a greater amount on purchasing or building new council properties than in previous years.

## TREASURY MANAGEMENT INDICATORS

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

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Council 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 Council 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.

	<b>Existing (Benchmark) level 31/03/19 %</b>	<b>2019/20 Approved %</b>	<b>2020/21 Revised %</b>	<b>2021/22 Estimate %</b>	<b>2022/23 Estimate %</b>	<b>2023/24 Estimate %</b>
<b>Upper Limit - Fixed Interest Rate Exposure</b>	100	100	100	100	100	100
<b>Upper Limit - Variable Interest Rate Exposure</b>	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 Council's treasury management strategy.

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

### 9. Maturity Structure of Fixed Rate borrowing

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

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

<b>Maturity structure of fixed rate borrowing</b>	<b>Lower Limit for 2020/21 %</b>	<b>Upper Limit for 2020/21 %</b>
under 12 months	0	70
12 months and within 24 months	0	40
24 months and within 5 years	0	50
5 years and within 10 years	0	40
10 years and within 20 years	0	40
20 years and within 30 years	0	70
30 years and within 40 years	0	40

#### **10. 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 Council having to seek early repayment of the sums invested.

	<b>2019/20 Approved £m</b>	<b>2020/21 Revised £m</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>
<b>Upper Limit</b>	12	12	5	5	5

The reduction of the Upper Limit from 2020/21 onwards is in line with the capital expenditure expected on the leisure project and to ensure liquidity is maintained.

## ANNUAL MINIMUM REVENUE PROVISION STATEMENT

### Background

Where the Council 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 Council to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the Guidance), which has been updated and re-issued in February 2018. The effective date of the latest guidance applies for accounting periods starting on or after 1 April 2019.

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

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

Following the payment made to exit the Housing Revenue Account subsidy system for the new self-financing arrangements from April 2012, MRP will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment. The structure of the debt that was incurred to fund the self-financing was based on the principal being repaid over the life of the HRA business plan, which also takes into account the 'old' HRA debt. For 2020/21, as in previous years, the MRP for HRA is determined by the amounts of principal repaid on the loans that were taken out on an annuity basis.

The Section 151 Officer has undertaken a review of its MRP in 2018/19, to assess the council's current policy against the MHCLG Guidance and appropriateness for the needs of the organisation. In previous years, the council's policy in respect of MRP is to charge an amount equal to 4% of the non-housing CFR at the end of the preceding financial year, based on Option 2.

Going forward, the Section 151 Officer has revised this policy for 2019/20 onwards to asset life method, based on Option 3, whereby MRP is determined by reference to the useful life of the asset. It is considered more prudent to take the asset life method approach in line with MHCLG guidance.

### MRP Options:

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

#### Option 1 – Regulatory Method.

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

Under Regulation 28 of the Local Authorities (*Capital Finance and Accounting*) (*England*) *Regulations 2003*, the council is also given flexibility in how they calculate MRP, providing the calculation is prudent.

#### **MRP Policy for 2020/21:**

- The council will apply Option 1 in respect of supported capital expenditure.
- The council will apply a prudent provision based on 'option 2' for unsupported borrowing incurred up to and including 31 March 2020.
- The council will apply an asset life method based on Option 3, in respect of new unsupported capital expenditure incurred from 1 April 2019 onwards.

Based on the council's latest estimate of its Capital Financing Requirement on 31 March 2020, the 2020/21 budget for General Fund MRP will be £806,173. The HRA will repay £1,153,676 of debt in 2020/21 through the two annuity loans.

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – WEDNESDAY,  
8 JANUARY 2020

<b>Title of Report</b>	<b>DRAFT INVESTMENT STRATEGY – SERVICE AND COMMERCIAL 2020/21</b>	
<b>Presented by</b>	Councillor Nicholas Rushton Corporate Portfolio Holder	
<b>Background Papers</b>	<a href="#">2020-2025 Medium Term Financial Plans</a> – Cabinet 10 December 2019	<b>Public Report:</b> Yes
	<a href="#">Statutory Guidance on Local Government Investments</a> – GOV.UK	<b>Key Decision:</b> No
<b>Financial Implications</b>	This strategy lays out how the Council will support local public services through investments and invest commercially. Investment activities may impact on the resources available to the council through utilisation of reserves and through interest earned.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek comments on the Draft Investment Strategy – Service and Commercial 2020/21	
<b>Recommendations</b>	<b>THAT CORPORATE SCRUTINY COMMITTEE COMMENT ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS ON 4 FEBRUARY 2020 TO CONSIDER THE INVESTMENT STRATEGY FOR 2020/21 AND RECOMMEND ITS PROPOSALS TO COUNCIL ON 25 FEBRUARY 2020.</b>	

**1. INTRODUCTION**

1.1 The council invests its money for three broad purposes:

- i. Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments);

- ii. To support local public services by lending to or buying shares in other organisations, including loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or a third party (service investments); and
  - iii. To earn interest income (known as commercial investments where there this is the main purpose).
- 1.2 The Investment Strategy attached as Appendix A was introduced in 2019/20, meeting the requirements of statutory guidance issued by the government under in January 2018 under section 15(1)a of the Local Government Act 2003. The Investment Strategy has been reviewed and updated for 2020/21.
- 1.3 The Investment Strategy – Service and Commercial, focusses solely on service investments and commercial opportunities (as outlined in 1.1 ii. and iii. above. Treasury Management activities (as outline in 1.1 i. above) are detailed within the council’s separate Treasury Management Strategy.
- 1.4 When considering security and liquidity of loans, local authorities should set limits for their total exposure. The proposed approved limits in relation to Service Investments: Loans and Shares are presented in the strategy for approval. There has no changes to the limits from 2019/20.
- 1.5 This strategy supports the Council’s wider strategic framework, including the council’s Commercial Strategy and considers financial implications and risks of any investments for a service or commercial purpose.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	List any relevant policies
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment and Climate Change:	Not applicable
Consultation/Community Engagement:	Between 18 December 2019 and 4 February 2020 consultation will take place, including draft budget changes being made publicly available via the Council's website for wider public consultation.
Risks:	Investment and reliance on income from commercial activity carry elements of risk. These risks are moderated through the compliance with the CIPFA Code of Treasury Management, the retention of Treasury Management advisors (Arlingclose) to offer expert advice, the adoption of the Treasury and Investment Strategies and sound financial management through the Medium Term Financial Strategy, budget setting and monitoring processes implemented by the council.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>

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**INVESTMENT STRATEGY – SERVICE AND COMMERCIAL 2020/21**

1.0 This strategy focusses on two purposes:

- i. To support local public services by lending to or buying shares in other organisations (service investments in sections 3 and 4), and
- ii. To earn investment income (known as commercial investments where this is the main purpose in section 5).

**2.0 TREASURY MANAGEMENT INVESTMENTS**

2.1 The council may invest its money because it has surplus cash as a result of its day to day activities and are known as treasury management investments.

2.2 The council typically receives its income in cash (e.g. from council tax, business rates and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure.

2.3 These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from CIPFA. The balance of treasury management investments is expected to fluctuate throughout the year.

2.4 The contribution that these investments make to the objectives of the council is to support effective treasury management activities.

2.5 Full details of the council's policies and plans for 2020/21 for treasury management investments are covered in the 'Treasury Management Strategy Statement 2020/21'.

**3.0 SERVICE INVESTMENTS: LOANS**

3.1 The council does not currently but may in the future, lend money to various organisations including: subsidiaries or trading companies; suppliers; local businesses; local charities and housing associations for example, to support local public services and stimulate local economic growth.

3.2 The main risk for the council when making a service loan, is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this future risk and ensure that total exposure to service loans remains proportionate to the size of the council, upper limits on the outstanding loans to each category of borrower has been set. These upper limits have been established on the basis of minimising risk without prohibiting the Council in lending.

<b>Category of borrower</b>	<b>2020/21 Approved Limit</b>
Subsidiaries	£10,000,000
Trading Company	£500,000
Suppliers	£100,000
Local Businesses	£2,000,000
Local Charities	£100,000
Housing Associations	£3,000,000
<b>TOTAL</b>	<b>£14,700,000</b>

**3.3** To ensure that the council's interests are protected, the risk of entering into a service loan is assessed on a case by case basis by:

- Requesting a business case to support the service loan and reviewing the business case for validity and robustness.
- Completing a financial appraisal of the business case
- Seeking external advice where necessary to ensure compliance with for example, state aid regulations and creditworthiness of the counterparty seeking a service loan
- Monitoring and maintaining regular reviews of counterparties for credit risk.

**3.4** Accounting standards require the council to set aside a loss allowance for loans reflecting the likelihood of non-payment – i.e. a bad debt provision. The figures for loans in the council's statement of accounts from 2018/19 onwards will be shown net of this provision. However, the council will make every reasonable effort to collect the full sum owing and has appropriate credit control arrangements in place to recover any overdue repayments.

#### **4.0 SERVICE INVESTMENTS: SHARES**

**4.1** The council does not currently but may in the future invest in the shares of various organisations including: subsidiaries or trading companies; suppliers; local businesses; local charities and housing associations for example, to support local public services and stimulate local economic growth.

**4.2** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. These upper limits have been established on the basis of minimising risk without prohibiting the Council in investing commercially. In order to limit this risk, upper limits on the sum invested in each category of shares have been set. These upper limits have been established on the basis of minimising risk without prohibiting the Council in lending.

<b>Category of Company</b>	<b>2020/21 Approved Limit</b>
Subsidiaries	£5,000,000
Trading Company	£1,000,000
Suppliers	Nil
Local Businesses	Nil
<b>TOTAL</b>	<b>£6,000,000</b>

**4.3** The council assesses the risk of loss, on a case by case basis, before entering into and whilst holding shares by:

- Requesting a business case to support the investment and reviewing the business case for validity and robustness;
- Completing a financial appraisal of the investment;
- Seeking external advice where necessary to ensure the creditworthiness of the counterparty; and
- Monitoring and maintain regular review of counterparties for credit risk.

**4.4** To maintain liquidity, the council determines the maximum period for which funds may be prudently committed through financial planning in the Medium Term Financial Strategy and the Treasury Management Strategy Statement. The council's cash flow is monitored and reviewed to inform these strategies.

4.5 Shares are the only investment type that the council has identified that meets the definition of a non-specified investment in the Government guidance. The limits on share investments are therefore also the council's upper limits on non-specified investments. The council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

## 5.0 COMMERCIAL INVESTMENTS: PROPERTY

5.1 MHCLG defines property to be a non-financial investment which is held primarily or partially to generate a profit. The council currently holds commercial property with the intention of making a profit that will be spent on local public services.

5.2 The main property investments currently include various industrial units in the district which were acquired in the region of 20 years ago, a market hall and land.

5.3 The following table details property currently held for investment purposes

Property or Type	Value at 31 Mar 2019 £m	Net Budgeted Surplus / (Deficit) for 2019/20 £'000	Net Forecast Surplus / (Deficit) for 2019/20 £'000	Reason Held
Industrial Units	£4.8	£308	£285	Profits supplement council expenditure
Market Hall	£1.5	(£100)	(£160)	Any profit supplements council expenditure
Whitwick Business Centre	£1.7	£1	(£23)	Self-supporting – supports the local economy
Land	£4.6	£0	£0	Future economic benefit
	<b>£12.6</b>	<b>£209</b>	<b>£102</b>	

5.4 The council may in the future invest in commercial properties to earn income to further supplement spending. Non-financial investments normally have a physical asset that can be realised to recoup the capital invested but is considered on a longer term basis.

5.5 The council assesses the risk of loss before entering into and whilst holding property investments including:

- Assessment of the business case on a case by case basis, reviewing for validity and robustness;
- Financial appraisal of the business case;
- Seeking external expertise and advice where necessary; and
- Assessing the market competition including: barriers to entry or exit; market needs; nature and level of competition; ongoing investments required.

5.6 In accordance with government guidance, the council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. An assessment of the council's investment property portfolio is undertaken each year in the Statement of Accounts year end process.

- Where value in accounts is at or above purchase cost: the property investment is deemed to be secure as the property could be sold to cover the purchase cost.
- Where value in accounts is below purchase cost: the investment property portfolio is no longer sufficient to provide security against loss.

## 6.0 PROPORTIONALITY

6.1 The council plans to become less reliant upon Government grant through its journey to self-sufficiency presented in the Medium Term Financial Strategy (Cabinet 10 December 2019) and by generating profit from investment activity to achieve a balanced revenue budget. The table below shows the extent to which the council's expenditure is dependent on achieving the expected net profit from investments over the lifecycle of the MTFS.

	2019/20 Forecast £'000	2020/21 Budget £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Net Revenue Expenditure	14,877	14,938	14,653	14,744	14,761	15,321
Investment income	102	150	201	211	201	191
Proportion	0.69%	1.00%	1.37%	1.43%	1.36%	1.25%

6.2 Currently the investment income generated from commercial investments is minimal and therefore has a very small impact on the net position.

## 7.0 BORROWING IN ADVANCE OF NEED

7.1 Government guidance is that local authorities must not borrow more than or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed. The council has no plans to borrow in advance of need for 2020/21.

## 8.0 CAPACITY, SKILLS AND CULTURE

### 8.1 Organisational Roles and Responsibilities

In accordance with CIPFA guidance, the roles and responsibilities of the council'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.
- The authorisation of Inter-Local Authority investment decisions.

Finance Team Manager (Deputy Section 151 Officer) – ensuring that day to day treasury activities comply with the approved Treasury Management Strategy Statement and approving Inter-Local Authority investment decisions in the absence of the Head of Finance.

Technical Accountant – identification of investment opportunities and borrowing requirements and acts as the Council's interface with brokers and counterparties. Routine investments decisions are made by the Technical Accountant, with the exception of Inter-Local Authority transactions. This role is delegated to a Finance Business Partner in the absence of the Technical Accountant.

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

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

## 8.2 The Role of the Council's Treasury Advisor

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

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

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

## 9.0 INVESTMENT INDICATORS

9.1 Government guidance prescribes three specific indicators to allow elected members and the public to assess the council's total risk exposure as a result of its investment decisions.

9.2 **Total Risk Exposure** – This indicator shows the council's total exposure to potential investment losses. This includes amounts that the council is contractually committed to lend that have not yet been drawn down, and guarantees that the council has issued over third party loans:

Total Investment Exposure	31/3/19 Actual £'000	31/3/20 Estimate £'000	31/3/21 Estimate £'000	31/3/22 Estimate £'000
Treasury Management investments*	3,000	3,000	2,500	2,500
Service Investments: Loans	0	0	0	0
Service Investments: Shares	0	0	0	0
Commercial Investments: Property	12,600	12,600	12,600	12,600
<b>TOTAL INVESTMENTS</b>	<b>15,600</b>	<b>15,600</b>	<b>15,100</b>	<b>15,100</b>
Commitments to lend	0	0	0	0
Guarantees issued on loans	0	0	0	0
<b>TOTAL EXPOSURE</b>	<b>15,600</b>	<b>15,600</b>	<b>15,100</b>	<b>15,100</b>

\*Treasury Management Investments longer than 12months

9.3 **How investments are funded** – Since the council does not normally associate particular assets with particular liabilities and coupled with the fact that the current assets (investment properties) have been held for more than 20 years, this indicator is difficult to comply with. However, the investments could be described as being funded by borrowing and therefore this is the assumption made in this table. The remainder of the council's investments are funded by usable reserves and income received in

advance of expenditure. Going forward, this measure will be monitored to reflect any future investments more accurately.

Investments funded by Borrowing	31/3/19 Actual £'000	31/3/20 Estimate £'000	31/3/21 Estimate £'000	31/3/22 Estimate £'000
Treasury Management investments	0	0	0	0
Service Investments: Loans	0	0	0	0
Service Investments: Shares	0	0	0	0
Commercial Investments: Property	10,900	10,900	10,900	10,900
<b>TOTAL FUNDED BY BORROWING</b>	<b>10,900</b>	<b>10,900</b>	<b>10,900</b>	<b>10,900</b>

**9.4 Rate of return received** – This indicator shows the net investment income received, as a proportion of the value of the property.

Investments net rate of return	31/3/19 Actual	31/3/20 Estimate	31/3/21 Estimate	31/3/22 Estimate
Treasury Management investments	0.99%	0.99%	4%	4%
Service Investments: Loans	0%	0%	0%	0%
Service Investments: Shares	0%	0%	0%	0%
Commercial Investments: Property	1.67%	0.81%	1.19%	1.6%

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL



## CORPORATE SCRUTINY COMMITTEE – WEDNESDAY, 8 JANUARY 2020

<b>Title of Report</b>	<b>LOCAL GOVERNMENT CORPORATE PEER REVIEW REPORT</b>	
<b>Presented by</b>	Bev Smith Chief Executive	
<b>Background Papers</b>		<b>Public Report:</b> Yes
		<b>Key Decision:</b> No
<b>Financial Implications</b>		
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>		
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>		
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To seek Community Scrutiny comments for inclusion in a report to Cabinet on 4 <sup>th</sup> February 2020 on the proposed action plan in response to the Corporate Peer Review Feedback report	
<b>Recommendations</b>	<b>THAT MEMBERS NOTE THE PEER TEAM'S FEEDBACK AND KEY RECOMMENDATIONS TO THE COUNCIL AND PROVIDE COMMENT ON THE DRAFT ACTION PLAN.</b>	

## 1. INTRODUCTION

- 1.1 All Councils are able to access a fully funded sector led Corporate Peer Challenge every four to five years. In June 2019, the Local Government Association (LGA) Peer Review provided the Council with an opportunity to test out and challenge a number of aspects relating to the overall performance and development of the Council. This process is designed to assist the continuous improvement approach adopted across local government and builds on the external Investors in People accreditation achieved in 2018.
- 1.2 The review process was a positive experience for both members, staff and key stakeholders and the outcome will help shape the councils journey of improvement which is part of the councils culture. A full copy of the peer review report is attached together with a proposed action plan which responds to the recommendations and areas for consideration. Many of the recommendations were already identified by the council as areas of further work such as the scrutiny changes implemented over the last few years.

## 2. PEER REVIEW PROCESS

2.1 Peer Challenges are delivered by experienced elected members and officer peers and the peers who delivered the peer challenge at North West Leicestershire were:

- Cllr Linda Robinson – former leader of Wychavon District Council
- Nick Tustian – Chief Executive Eastleigh Borough Council
- Ben Lockwood – Director of Finance and Economy Ashford Borough Council
- Karen Edwards Director (Programme and lace) Rushmoor Borough Council
- Daniel Gardner – Local Government Association Adviser

2.2 The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges carried out by the LGA as areas they believe are critical to a councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

2.3 In addition to these areas of focus the Council requested that the peer team consider/ review and provide feedback on the following questions;

- Do we have the capacity to deliver our big ticket items?
- How robust, realistic and ambitious are our plans to be self sufficient?
- What is your view on our approach to being more business like?
- Without a burning platform, how do we ensure we are financially robust to deal with future changes?
- How realistic and ambitious are our plans to improve customer experience?
- Are we on the right trajectory?

2.4 Ahead of the peer challenge the council provided the peer team with a self assessment of our current position which contained key facts, figures and background information. The process was very robust with the peer team carrying out 75 interviews, including a range of council staff, stakeholders, councillors and around 50 staff at the staff fair. The team gathered information and views from over 40 meetings and visited key sites within the district in addition to research and reading prior to their on site visit which lasted 3 days.

- 2.5 As Members are aware the feedback following the review was very positive, with the peer team highlighting number of recommendations for the Council to consider. By its nature, the Peer Challenge was a snapshot in time and it is recognised some of the feedback may be about things the Council had already recognised and was already addressing.

### 3. KEY RECOMMENDATIONS

- 3.1 The Peer review team recognised the positive feel to North West Leicestershire District Council and the enthusiastic staff and committed councillors who were striving to do their best for their communities. They also recognised the significant change in culture over the last two years with the new leadership team supported by the achievement of Investors in People accreditation in 2019. They understood the challenges that the District faces with the significant growth agenda, together with the opportunities this brings.

- 3.2 The team recognised
- the strong political commitment to Coalville,
  - the robustness of the Corporate delivery plan in particular the commitment to actions over the next three years.
  - the sound financial position of the authority
  - the strong visible leadership team.
  - positive motivated workforce who are keen to accept the challenges ahead
  - strong sense of values which feel owned by staff and councillors
  - NWL is seen as a trusted partner
  - good progress on the commercial agenda and 'being more business like'

- 3.3 The Council was seen as heading on the right trajectory to continuously improve and achieve its strategic objectives but was still in a transition of change culturally.

- 3.4 The following are the Peer Team's key recommendations to the Council.

1. **Act on the opportunities that vacancies present.** When vacancies arise consider how the role could be redefined and developed to further promote the changed culture and strategic priorities. This could mean closer links across the council to reduce silo working and recognise that everyone contributes to placemaking.
2. **Continue to improve the scrutiny function.** Make it more robust and be seen to be more robust. Explore good practice regarding scrutiny, such as training and make better use of working groups, establishing a forward looking work programme and involve scrutiny early in the decision making progress.

This is an area where there has been significant improvement over the last two years with the development of two scrutiny committees with an enhanced number of meetings, however there is recognition that the council needs to support members in understanding their role and maximising the benefits effective scrutiny can bring to the council.

3. **Be prepared to address the capacity issues and align resources to priorities.** Capacity is stretched in some areas for example finance and digital transformation. Ensure the resources follow the priorities set to deliver what the council wants. Either put more resources in or reduce what you plan to deliver or adjust the timeframes.

4. **Clarify the councils risk appetite.** What is the amount and type of risk that the council is willing to take to meet its strategic objectives? Work is required to explore the tolerances and manage the agreed risk effectively.
  5. **Be confident and prepared to be more ambitious.** This recommendation also links to the appetite for risk and also the role the council could take in placemaking taking direct intervention to achieve the regeneration objectives. This recommendation also links to enhancing the amount of community engagement and involvement in developing the council objectives and building confidence.
- 3.5 In addition to the key recommendations, the peer team provided feedback and comment on how we meet the five core components and within the body of the report there are a number of areas for consideration based on best practice.
- 3.6 In response to the peer review feedback report a draft action plan (Appendix A ) has been developed for consideration and discussion at the Corporate Scrutiny Meeting prior to being presented to Cabinet.

#### 4. PROPOSED WAY FORWARD

- 4.1 The Council will develop an action plan to respond to the comments and recommendations within the peer review report and is attached for members consideration. Once approved by cabinet the action plan will be publicised alongside the report. Quarterly reports on progress against the action plan will be provided the the Corporate Scrutiny Committee.
- 4.2 The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 18 months.

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	<p>Treasury Management Strategy  Medium Term Financial Plan  Housing Revenue Account Asset Management Strategy  Corporate Asset Management Strategy  Customer Experience strategy</p>

Safeguarding:	No matters arising out of the report
Equalities/Diversity:	No matters arising out of the report
Customer Impact:	No matters arising out of the report
Economic and Social Impact:	No matters arising out of the report
Environment and Climate Change:	No matters arising out of the report
Consultation/Community Engagement:	<p>The Peer review report will be published on the website and will form part of the quarterly staff roadshows.</p> <p>Any changes made as a result of the peer review recommendations that require more formal consultation or engagement, will be conducted in accordance with existing policies.</p>
Risks:	<ol style="list-style-type: none"> <li>1. That the report is not adequately considered to assist in our continuous improvement activities <ol style="list-style-type: none"> <li>a. Sufficient time needs to be provided to enable consideration of the recommendations and develop an action plan.</li> </ol> </li> <li>2. The process is not considered to have been worthwhile <ol style="list-style-type: none"> <li>a. Follow up with all individuals that took part in the process and share the recommendations with them</li> <li>b. Public engagement through press release with key findings</li> <li>c. Ensure resulting action plan also made publically available</li> </ol> </li> <li>3. Insufficient resources to deliver action plan <ol style="list-style-type: none"> <li>a. Prioritisation of resources through CLT</li> </ol> </li> </ol>
Officer Contact	<p>Bev Smith  Chief Executive  <a href="mailto:bev.smith@nwleicestershire.gov.uk">bev.smith@nwleicestershire.gov.uk</a></p>

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# Corporate Peer Challenge **North West Leicestershire District Council**

25<sup>th</sup> – 27<sup>th</sup> June 2019

Feedback Report

## 1. Executive Summary

There is a positive feel to North West Leicestershire District Council (NWLDC). Staff are enthusiastic and optimistic about the future, and councillors are keen to look forward and do their best for their communities. The council has large scale developments within its borders, for example East Midlands Gateway and partnership working is strong.

Staff are friendly, welcoming and realistic about the changes that the council is going through. All talked about the last two years being a “breath of fresh air” and “welcome change”. The *Investors In People* accreditation reflects how much things have changed in recent years, and NWLDC should be proud to achieve this.

NWLDC is currently in a period of transition from one culture and delivery organisation to another. The Roadmap is an excellent illustration of this and could be a good communications tool to help explain to others where you are on that journey.

The Medium-Term Financial Plan (MTFP) recognises there is a significant budget gap on the horizon, and there is political commitment to bridging this gap using reserves. Looking further ahead, the peer team suggest considering how overall finances can be used to minimise or eliminate funding gaps and focus on increasing the delivery of strategic priorities.

Staff have good ideas but are sometimes reticent about offering them. This is perhaps due to getting used to a different work culture, but they could benefit from more confidence or clearer communication about this.

Housing is clearly a priority, but there appears to be a lack of confidence about what you as a council are legally and strategically able to do to direct and influence developments. For example, at the full council meeting we attended, we heard views expressed that the council is powerless to influence the types of development that the private sector provides. This is not necessarily the case, and as a council, you could be purchasing assets and developing them yourselves. This would mean you could get your green priorities into new developments and build the communities you would like to build in the district.

The Strategic Growth Plan could unlock many opportunities for the District. The East Midlands Gateway at East Midlands Airport is a growth area. It is good to note that there is a variety of businesses moving there, so that there is not a reliance on one sector. However, with this level of growth, there is a conflict with the current level of infrastructure. A key challenge for the Council is developing the infrastructure to support the speed and level of growth. This will be a focus of work with Leicestershire County Council going forward. Members will need to recognise the need for collaboration and co-operation in a timely manner as the Gateway takes off.

## 2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- 1. Act on the opportunities that vacancies present.** When vacancies arise, consider how the role could be redefined and developed to further promote the changed culture and strategic priorities. This could mean making closer links across the council to reduce silo working and recognising that everyone contributes to placemaking.
- 2. Continue to improve the scrutiny function.** Make it more robust and be seen to be robust. Explore good practice regarding Scrutiny, such as training all scrutiny committee members, involving backbenchers in working groups if not on the actual committee, establish a forward-looking work programme, and involve scrutiny early in the decision-making process. This will help avoid the risk of questions about governance arrangements if decisions are not popular.
- 3. Be prepared to address the capacity issues and align resources to priorities.** Capacity is stretched in some key areas, for example finance, digital strategy. Ensure that resources follow the priorities set, to deliver what the council wants. Either put more resource in or reduce what you plan to deliver or adjust the timescale in which you want to deliver it.
- 4. Clarify the council's risk appetite.** What is the amount and type of risks that you are willing to take in order to meet your strategic objectives? Members and officers could work together to explore this and agree your tolerances. This would mean that the council and its leadership team is not only able to manage risk more effectively, but you will be better positioned to take full advantage of the many opportunities that you have identified.
- 5. Be confident and prepared to be more ambitious.** Consider what levels of risk the council is prepared to take to deliver on strategic priorities, and how best to communicate that to satisfy residents and partners. Explore how ongoing two-way engagement can help build residents' confidence in the council delivering on its objectives. You have a great deal to be proud of so be confident and tell people.

### 3. Summary of the Peer Challenge approach

#### 3.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected based on their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at North West Leicestershire District Council (NWLDC) were:

- Cllr Linda Robinson – former leader of Wychavon District Council
- Nick Tustian – Chief Executive, Eastleigh Borough Council
- Ben Lockwood – Director of Finance and Economy, Ashford Borough Council
- Karen Edwards – Director (Programmes and Place), Rushmoor Borough Council
- Becca Singh – Local Government Association (LGA) Challenge Manager
- Daniel Gardiner – Local Government Association Adviser

#### 3.2 Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, at the start of the review, NWLDC asked the peer team to consider/review/provide feedback on the following questions:

- Do we have the capacity to deliver our big-ticket items?
- How robust, realistic and ambitious are our plans to be self-sufficient?
- What is your view on our approach to being more business-like?
- Without a burning platform, how do we ensure we are financially robust to deal with future funding changes?
- How realistic and ambitious are our plans to improve customer experience?
- Are we on the right trajectory?

### 3.3 The peer challenge process

Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals and it is important to stress that this was not an inspection. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information to ensure they were familiar with the council and the challenges it is facing. The team then spent three days onsite at North West Leicestershire, during which they:

- Spoke to about 75 people including a range of council staff, councillors and external stakeholders, plus around 50 at the staff fair – a record of about 125 people!
- Gathered information and views from more than 40 meetings, visits to key sites and additional research and reading
- Collectively spent more than 280 hours to determine our findings – the equivalent of one person spending around 8 weeks in NWLDC

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (27<sup>th</sup> June 2019). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. The team know that some of the feedback may be about things you are already addressing and progressing.

## 4. Feedback

### 4.1 Understanding of the local place and priority setting

NWLDC is a district of contrasts, which the council understands well. These include the differing impacts of the decline of manufacturing and mining industries, differences in wealth between Ashby-de-la-Zouch and Coalville, differences between rural villages and urban town centres, plus the considerable growth at the East Midlands Gateway in the north-east of the district. The council tries explicitly to meet the needs of all those different communities.

The Delivery Plan 2019/20 is a crucial document, setting out what the council's Key Tasks are for 2019/20 but also its aspirations for the next three years. It illustrates the council's commitments to deliver on its strategic priorities. However, it is not clear how much detail sits behind that. The team found that the implications of the plan are not always widely understood by councillors, officers, residents and external partners. This includes the risks you need to take to achieve priorities, and the different impacts on existing communities.

There is a strong sense of community within the district, demonstrated by the high attendance at community events. This offers the council considerable opportunities for engaging with communities and helping them understand the choices that the council faces as funding arrangements for local government changes.

The vision for growth has not yet been communicated widely because the council is mindful that in the past, plans that have not always been realised. Sensitive to this, NWLDC is reluctant to release information about the investments in Coalville until they have been delivered. However, you could consider how other councils have used strategic and operational communications to enhance the reputation of the council in similar situations. Getting the right message to the right people at the right time is crucial, but so is engaging the right people at the right time in the right way.

### 4.2 Leadership of Place

NWLDC is the leader of several different communities, and it is hard to balance these competing needs.

Partners from all sectors value working with NWLDC and it is trusted to advocate and speak on their behalf. Support to the voluntary sector is seen as very generous, however you should consider whether you are able to sustain this in an increasingly commercial world. It may be useful to consider how a business-like approach can blend with the political commitment to social value above all else.

There is strong political commitment to deliver the Coalville regeneration plans. It is important to recognise the reputational risk of not delivering, which the council does, but there is also a reputational risk of appearing to do nothing. The council is delivering

some ambitious projects, which will act as enablers in achieving its vision for the District. Communications around those enabling schemes, such as the market relocation, is important and sometimes undersold. It could link back to earlier plans which did not come to fruition when planned, or provide a backdrop to a new, shared vision through greater residential engagement.

Everyone talked about Coalville, including plans for development, regeneration and building on the existing pride of Coalville residents. To lead this regeneration, the council could look imaginatively at ways to encourage high street businesses. For example, there are examples where councils have funded the freezing of business rates for three years to encourage new businesses to move to the area. The current government set scheme of Small Business Rates Relief exempts a lot of small businesses in high streets from paying any rates and it could be a case of promoting that scheme to new businesses so that they understand that rates are less of a barrier due to the reliefs currently offered.

You identified several potential regeneration opportunities in Coalville and how you saw these could contribute to the wider vision for Coalville, but you were inclined to wait for or broker private sector opportunities. 'Being the leader in the area', could mean leading regeneration with your own investment with the council's previous successful developments being highlighted widely to give confidence to the community. For example, the move and development of the new indoor market. The council could directly fund and actively promote this project as part of your approach to commercialisation, so that residents and businesses see that a commercial approach is not just about income generation, but is about investing to stimulate and encourage economic activity in the district

It is important that the rest of the District understand why the investments in Coalville are crucial, without feeling that other areas are missing out. The proposed Regeneration Framework and the Strategic Growth Plan provide platforms for leading the whole district. NWLDC has developed a significant council-owned house building programme that is actively seeking to address the shortfall in local council housing and is looking to develop a more diverse stock to meet wider housing need as a major contributor to Place and Communities. The next step is to link the HRA and General Fund to develop and enhance your built environment, with a wider collective responsibility for Place. Many Councils have, for example, used the General Fund to build Private Rented Stock (PRS) and have even entered the housing market by building house for open market sale. The Green Agenda is another example of how NWLDC can be a leader locally. Work around the green infrastructure and becoming carbon neutral could be improved with a wider collective responsibility for place.

Be prepared to lead on shaping the area for the future. Leading sometimes means challenging viewpoints and educating others. For example, residents want to improve retail offer in Coalville, but high streets everywhere are struggling with changes in the retail sector. Be honest with communities so that they understand the challenges and get on board to help you solve them.

### 4.3 Organisational leadership and governance

There is a strong, visible leadership team with a shared vision. Councillors and officers have built up mutual respect, although some councillors have found it hard to adjust to less direct access to officers. It is good practice to have a clear Member/officer protocol to explain the reasons for this, and how to get in touch with officers for different things.

There has been a major change in culture in the last two years, largely due to the change of Chief Executive and the very positive relationship that has developed with the Leader. This is not just about structures and processes, but the whole staff culture. The peer team found NWLDC to be a friendly and welcoming organisation, and this was that was shared by staff and partners. The Chief Executive has high visibility within the council and externally and this should be replicated by the directors so that the managerial leadership can be shared and made more sustainable. When vacancies occur, particularly those at senior leadership level, they can provide a real opportunity to reshape roles to reflect NWLDC's new priorities, behaviours and skills. Some of the current roles may not reflect these new areas of focus. Strategic leadership is less about the line management service structure, and more about building a matrix approach working across the organisation to drive change and reinforce the 'one team, one council' culture. This will continue embed collective responsibility and help to remove any silo ways of working. For example, the delivery of the 'Place' objectives should be seen as important for the whole organisation, not just for those services such as Housing or Economic Growth.

Councillors are committed to delivering for their residents, but the peer team heard that frontline councillors can feel outside decision-making processes. Consider how councillors could build ward-level relationships with partners, businesses and residents. For example, regular ward walks with police, Citizen's Advice Bureau, Fire and Rescue Service and Highways. Ensure ward councillors know when something is happening in their ward and get them involved at an early stage. Councillors are a good advocate for council work, but only if they are informed and involved. Enable councillors to have ongoing two-way engagement with residents and partners.

Scrutiny is improving. It is evolving but more could be done. Political decisions can be strengthened by good scrutiny, and by good scrutiny being seen to be done. Scrutiny is a way of involving frontline councillors actively in working groups if not on the actual committee. The scrutiny function is currently underused, leading to some frustration amongst elected members. This could be a risk to confidence in governance arrangements if decisions are not seen to be exposed to quality scrutiny. Consider how good scrutiny practice could be further incorporated. For example, each scrutiny committee developing its own work plan, involving scrutiny at an early stage in decision-making for example, decisions going to scrutiny before Cabinet make decisions, allowing scrutiny to have a more strategic role for example conducting a green review of council policies and practices, having members of the opposition chair meetings, and providing scrutiny training to members of scrutiny committees; this could involve seeking more support from the LGA to provide scrutiny training and mentoring.

Resources need to be aligned to strategic priorities for them to be delivered successfully. Make sure that the whole organisation understands the priorities, and that the resources will follow. For example, the digital transformation agenda was often quoted by staff as being the panacea for capacity concerns, but at the current rate of delivery it will be many years before the benefits are realised. Linking access to resources on an 'invest to save' approach around transformation could help accelerate delivery.

Understand the risks and impacts of decision-making. Financial decisions such as freezing council tax has an impact on the ability of the council to deliver strategic priorities. This links to engagement with residents. Discussions with them should focus on possibilities for delivery rather than funding resources. Then when you deliver, shout about it using for example the "you said, we did" section of the council's website. Demonstrating you are delivering your shared strategic ambitions in line with the wishes of your residents can help to engage and empower local communities.

There needs to be a clearer and wider understanding of risks and your collective risk appetite. There are risks involved in doing something but also in not doing something. You might start by considering how much risk you are prepared to take to deliver on your big-ticket items.

#### **4.4 Financial planning and viability**

The council is in a sound financial position. However, there is a sense that for most people – officers and councillors – finance is something that the Financial Team 'do'. To be more business-like, as well as provide more resources in the finance team, the rest of the council need to understand how their role is part of the financial picture. If the whole council is to be more business-like, the whole council needs to further change culture to understand that finance is everyone's responsibility and more resources are needed to achieve this. This has improved, and there is more collective responsibility within the Senior Leadership Team on the financial position. In addition, for the first time there has been an opposition alternative budget. These are great moves to build on to become more 'business-like'.

The Medium-Term Financial Plan (MTFP) makes reasonable assumptions over external issues that will affect the council's finances, for example business rates, New Homes Bonus and the Fair Funding review. The plan position shows a budget gap of c£5m over the next five years. The external factors may turn out differently, but the risk these factors pose is real, and represents the burning platform for the Council that was not recognised.

NWLDC has been prudent and built reserves to cover this gap. Although prudence is good practice, relying on reserves is not sustainable and doesn't solve the underlying problem, and alternative solutions will need to be sought to mitigate the potential risks of external factors.

The council has a plan to close this gap through its strategies on commercialism, Asset Management and Finance, as well as controlling corporate costs. The 'Journey to Self-

Sufficiency' plan will be crucial in closing the gap, although a clear definition of what 'self-sufficient' means to NWLDC is needed. These strategies should be further refined to develop clear proposals to close the budget gap. A good way to ensure this works is to bring all this work together into a programme where individuals are accountable for delivery, and that this is monitored by the Corporate Leadership Team (CLT).

Finance is currently focused on managing the budget gap rather than supporting strategic ambitions. The council has ambitious plans for the District, but delivery will be resource intensive and complicated. Ensure your financial strategy supports these ambitions by releasing and investing resources to deliver transformation and regeneration plans. There is the potential to take greater ownership of assets and drive income streams to support long-term finances. How far the Council is prepared to seek to generate additional income by exploiting new and existing income streams including investing in commercial property will depend on attitude to risk and how it views income in terms of delivering its service objectives.

One approach to income streams is to analyse services in the following way:

1. Statutory and Compulsory – little or no income so don't waste time trying to maximise, or find alternative income streams
2. Discretionary Services - enjoyed by some, but not all residents, with the option to charge at market value for example leisure facilities and car parking
3. Fully commercial services – provided simply to generate as much profit as possible for example Trade Waste. In this area other councils have explored a wide range of income opportunities including such things as setting up a printing company and even a gin distillery. It provides an opportunity for the whole Council to demonstrate its entrepreneurial skills, but it needs to be realistic in recognising that initiatives will often require significant investment for only a limited return.

Investing in commercial property is something many councils have undertaken as a means of generating income. Undertaking only a few transactions, it is possible to secure significant revenue income from high quality long-term leases at relatively low risk. Also, by pro-actively intervening in the commercial property market a council can support the delivery of other strategic objectives such as regeneration and employment. The range of approaches to this is almost endless, with some investing only cash balances to secure a few local properties to those that have borrowed significantly to invest in a variety of different types of building for example, retail and offices both inside and outside of the borough boundary. One council in the South East is reported to have borrowed nearly £1bn to invest in commercial property, much of it outside of its borough.

NWLDC has a good commercial strategy that encourages a positive culture change in the organisation to be more business-like. However, the practical day to day implementation of this strategy is not widely understood as "Being-Business Like" currently means different things to different people. For the strategy to be effective, there needs to be a consistent definition of 'business-like', 'commercialism' and 'self-

sufficiency'. This would help you consider how this permeates into the council's decision-making, staff culture and communications. There is not a "one size fits all" approach that can be adopted across all the services and there needs to be greater clarity, service by service as to what "being commercial or business-like" really means. One suggestion is that each service/business plan could be enhanced further with a commercial framework that balances the council's social and moral values against commercial/business objectives, whether it be income generation or more effective control of costs. There are examples of good practice in other councils across the country and the LGA's Advanced Commercialism Group can assist pointing you in the right direction.

Treasury management could be used to help close the budget gap. The council currently holds its investments mainly as cash deposits with banks, building societies and other local authorities. These investments have relatively low returns and expose the council to 'buy-in and credit risk. The peer team would encourage you to consult your treasury management advisers to explore the potential to improve investment performance, for example using pooled investment vehicles, or other investments that should have a higher rate of return than cash deposits or generate income. These increase return and lower the credit risk and buy-in risk that the council is currently exposed to. The council could then use short-term borrowing to fund its capital programme. The team suggest you discuss this with your Treasury Management Advisers.

#### **4.5 Capacity to deliver**

NWLDC has a positive and motivated workforce which is keen to accept the challenges that proposed changes will bring. There are a strong set of values which feel owned by staff, and by councillors. However, this is an organisation in transition. All councillors, as well as officers, need to be part of that journey.

There are concerns about capacity. Senior staff and councillors need to recognise where services are stretched and consider how each service helps meet strategic priorities and resource accordingly. For example, there is currently considerable focus on finance, but the team could benefit from more longer-term resource and capacity. Recruitment in particular areas can be a challenge; you should therefore continue with your grow your own approach and release the talent in your current staff.

The digital strategy is crucial. Many people are relying on this as the answer to all NWLDC's capacity issues. Staff and councillors need to recognise the changes in culture that implementation will require. At the current level of resourcing, the Digital Strategy implementation will take years. The peer team would encourage you to look for quick wins now, and increase the resources allocated to the implementation of the strategy, alongside any further cultural transformation, as soon as possible.

## 4.6 Other specific focus areas as appropriate

In response to the specific questions asked of the peer team to explore as part of the peer challenge process, namely:

- Do we have the capacity to deliver our big-ticket items?
- How robust, realistic and ambitious are our plans to be self-sufficient?
- What is your view on our approach to being more business-like?
- Without a burning platform, how do we ensure that we are financially robust to deal with future funding changes?
- How realistic and ambitious are our plans to improve customer experience?
- Are we on the right trajectory?

Many of these have been addressed in the finance and capacity sections of the report. Further observations of the peer team are as follows:

### Capacity to deliver the big-ticket items

There is definitely the will, capability and drive to deliver the major projects, but you are trying to move forward on a very broad range of change and ambitions. Sequencing those could give you some headroom to deliver fewer things quicker, perhaps through a programme office and a clearer project management system.

Using finance more creatively will increase your capacity to deliver, for example by enabling you to allocate more staff to early stages of projects. It could also help you have more resources to invest in assets that could then help generate income.

### Being more business-like

The commercial strategy provides a sound basis on which you can build on. There are processes in place to encourage a business-like approach in the organisation, but a business-like culture still needs to be developed if you are to become a truly business focused organisation. This is because at present the term business-like means different things to different people. Clarifying the understanding and balancing your objectives for social value with commercialisation will be critical. Every council takes a different approach, and NWLDC should decide for itself where it wants to be on the commercialism spectrum. Once this has been defined, it should be embedded into business and service plans.

The council will need to consider the levels of risk it is prepared to take to deliver on its priorities. This includes financial as well as reputational. There are examples of good practice on the LGA website which NWLDC may find useful to learn from.

### Plans to improve customer experience

The vision, principles and timeline are in place. Staff are keen to improve things and can see the opportunities to deliver from the digital strategy. However, the desired outcomes are not clear, and recent delivery has taken more work than expected,

including re-working in some areas. A better resourced programme will help the council to deliver within the proposed timescale.

The peer team suggest that if this is one of your main priorities, resource it appropriately and deliver it, otherwise it will become a millstone rather than an enabler. It is ambitious, but at the moment it is not realistic without more capacity and resources.

### On the right trajectory

NWLDC is heading in the right way to deliver its strategic outcomes. However, because it is still in transition culturally, changes will take time to deliver without investing in crucial teams and programmes.

## **5. Next steps**

### **5.1 Immediate next steps**

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on several of the areas for development and improvement and we would be happy to discuss this. Mark Edgell, Principal Adviser, is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email [Mark.Edgell@Local.gov.uk](mailto:Mark.Edgell@Local.gov.uk) .

In the meantime, we are keen to continue the relationship we have formed with the council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### **5.2 Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. You have already indicated that a repeat visit by some of or all the team would be welcome in about two years.

### 5.3 Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before 2024.

## 6. Appendix: Signposting

### 6.1 Signposting

Learn from others using LGA's searchable Case Studies database:

<https://www.local.gov.uk/case-studies>

Learn from how other councils have been progressing commercialisation, through the LGA Advanced Commercialism Group: [ACG website](#)

Consider signing up to MHCLG's Digital Declaration: [MHCLG website](#)

## Appendix A

### Action Plan arising from the Corporate Peer Review 25<sup>th</sup>-27<sup>th</sup> June 2019

Area	Ref	Recommendations	Actions	By	Change to Constitution?	Timescale A 1-3 months B 3-6 months C 6-12+ months
Effective Scrutiny		Establish Cross party working group	Cross party working group to be established to oversee actions and improvements to the scrutiny function. Terms of reference to be developed Method of engagement and communication with all scrutiny members to be established.	BS		A
		Develop training and support programme for members and chairs	Training programme to be developed to support members and enhance understanding of members roles and responsibility in scrutiny and policy development. Review of LGA support and best practice sharing and mentoring	BS		A
		Review level of officer support for scrutiny function		BS		A
		Develop forward looking work programme for Corporate and Community Scrutiny	Review current work programme and method of identifying areas of work Consider the use of task and finish working groups	BS		A

<b>Organisational Structure and Culture change</b>		Redefine role of the vacant Corporate Director to promote cross organisational working and embed culture change	Role and recruitment process to reflect matrix management approach and 'One team One Council ethos'	BS		<b>completed</b>
		Enhance visibility of Directors	Replicate chief executive 'back to the service' programme with directors to increase visibility of leadership.	BS		<b>B</b>
		Continue with culture change of shared responsibility for the delivery of councils strategic priorities and Placemaking	Embed matrix management style of leadership within the core Director/Chief Executive team <b>Further actions to be developed on appointment of new Director</b>	BS/AB /JA		<b>B</b>
<b>Support Ward Members to build ward level relationships</b>		Establish programme of ward walkabouts		CLT		<b>B</b>
		Enhance communication of key events to ward members	Ensure all press releases are shared with ward members	CO	Completed	Completed
		Enhance understanding of officer/ member protocol	Share member/ officer protocol to ensure members understand how to contact officers and the level of support available to members to resolve ward issues.	EW		<b>B</b>
<b>Enhance Community engagement on budget and priority setting</b>		Develop a community engagement strategy	Develop robust mechanisms for engaging community in development of priorities and allocation of resources	CO/TB		<b>B</b>
<b>Capacity to deliver</b>		Customer Service and digital transformation programme	Review current programme and resource to deliver customer experience strategy and digital transformation.	TS		<b>B</b>

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			Review current programme and resource to deliver customer experience strategy and digital transformation.			
		Embed shared understanding and responsibility for delivery of Medium Term Financial strategy	Develop and implement programme of training for members, managers and Corporate Leadership team Early engagement of scrutiny of budget proposals Develop a protocol for budget monitoring Design and implement standardised investment appraisal tool Establish pricing strategies across all key income streams	TB		Completed Completed Completed Completed Completed
		Finance	Benchmark finance team resources against peers Review resource to deliver the implementation of the new finance system and to ensure business partnering model is embedded	TB		<b>B</b>
Journey to self sufficiency		Review Journey to self-sufficiency programme	Define what self-sufficiency and commercialisation means for North West Leicestershire and communicate to staff, stakeholders and members Identify work streams to support J2SS programme Review project management approach to the J2SS programme Identify trigger points and develop robust action plans for all work streams Develop risk assessment for the J2SS programme	BS		<b>A/B</b>
		Asset management – commercial properties and asset management	Review current asset condition Conduct options appraisal for establishment of arms length company for house building	CL AB		<b>A</b> <b>B/C</b>
		Make effective use of Treasury management	Develop and implement a revised investment strategy with members in order to increase investment returns	TB		<b>B</b>

<b>Risks</b>		Risk Appetite	Develop a 'Risk Appetite Strategy' to support decision making.	TB		<b>B</b>
		Council Delivery Plan	Assess and review risks associated with the delivery of the Corporate Plan	MM		<b>B</b>

<b>Person Responsible</b>	
BS	Bev Smith
EW	Elizabeth Warhurst
TB	Tracy Bingham
MM	Mike Murphy
CL	Chris Lambert
AB	Andy Barton
JA	James Arnold
CO	Caroline Ormond
TS	Tom Shardlow

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – WEDNESDAY,  
8 JANUARY 2020

<b>Title of Report</b>	<b>2019/20 QUARTER 2 PERFORMANCE REPORT</b>	
<b>Presented by</b>	Councillor R Ashman Planning and Infrastructure Portfolio Holder	
<b>Background Papers</b>	Various documents on the In-Phase performance management system.	<b>Public Report:</b> Yes
		<b>Key Decision:</b> No
<b>Financial Implications</b>	No additional finance requirements.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	No legal considerations.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	No additional staffing implications.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	The report provides members of Scrutiny with information on the performance and progress made against the Council Delivery Plan actions and performance indicators for Quarter 2 (Q2) (July - September 2019).	
<b>Recommendations</b>	<b>THAT THE CORPORATE SCRUTINY COMMITTEE NOTES THE QUARTER 2 PERFORMANCE REPORT (JULY TO SEPTEMBER 2019) AND PROVIDE COMMENTS FOR CONSIDERATION BY CABINET.</b>	

## **1 INTRODUCTION**

1.1 The Planning and Performance Management framework helps the Council -

- Clearly articulate our priorities and desired outcomes
- Prioritise what gets done within the resources available
- Provides and demonstrates value for money
- Provide good services and satisfaction for our local community
- Improves organisational performance
- Motivate and manage our employees and workers.

1.2 Its purpose is to deliver the best outcomes and service in relation to our priorities and statutory responsibilities within available resources, and to create an 'early warning system; where this is not the case. To do this we need to be intelligence focused and take action in response to actual performance to make outcomes better that they would otherwise be.

- 1.3 Performance is managed at a strategic, service, operational and individual level, with each informing the other.
- 1.4 At a strategic level, Members and the Corporate Leadership team need to ensure that services are provided meeting the needs of the community, both now and in the future. Members and the leadership team also need to ensure that there are appropriate and meaningful measures underpinning our vision and objectives so that they can be assured that we are making good progress towards our vision, priorities and objectives published in our Corporate Plan.
- 1.5 At a service level, Heads of Service need to monitor performance against service plans. These include all tasks, projects, measures and risks relating to their own service objectives and from any other source, e.g. external inspectorate recommendations such as the planning peer review and internal audit recommendations etc.
- 1.6 At an operational level, individual work plans may be in place to monitor and report on team and individual performance to feed up into the service plans. This then informs individual performance appraisals.
- 1.7 The quarterly performance reports will seek to recognise good performance, share best practice across the organisation and also to identify 'performance gaps' highlighting if and where action is required to meet targets. Once these gaps are identified, time bound intervention plans will be created or adapted to improve performance towards the target. This will be part of a continual cycle of review and action.

## **2. SUMMARY OF PERFORMANCE QUARTER 2**

- 2.1 This report sets out the performance and progress against the Council Delivery Plan priority actions, performance indicators, sickness absence management and finance.
- 2.2 A high level report of the Council's performance for Q2 is included in Appendix 1.
- 2.3 Performance remains good across the vast majority of the indicators, and progress is now being monitored on a monthly basis and reviewed by managers and Heads of service using the InPhase performance software system. This enables any areas of underperformance to be identified quickly.
- 2.4 Progress against the Council's key priorities is detailed in Appendix 1 with explanations of the progress against each of the key tasks identified for the current financial/operating year.

The following notable achievements in this quarter are:-

➤ Coalville by the sea

This free event was repeated successfully again this year in the summer and was attended by over 1500 people over the two days.

➤ Progressing the new market location in Coalville.

We continue to work with the existing Market traders to support them in the transition to the Newmarket site in Marlborough Square or to find alternative premises as needed.

➤ Improving our customer services responsiveness and on-line offer.

The average call wait time reduced again during the quarter to 44 seconds and the number of customers hanging up before receiving an answer reduced to an average of 8.66%

We are continuing the work on the website to enable customers to access services through the “your account” facility and by making more processes available in a digital format.

➤ Developing the Districts Leisure and activity facilities.

The planning application for the new leisure centre was submitted in the quarter and (post script) was approved by the Planning Committee in October. The improvements works to Hood Park Leisure Centre commenced during the quarter and will include improvements to the dance studio, an updated fitness suite, improvements to the external façade and redecoration works to refresh the building.

➤ Tourism Strategy

This document will set out our approach, in collaboration with partners, to the future development of our tourism offer, and will be presented to the Community Scrutiny Committee and Cabinet later in the year.

➤ Economic Growth Plan.

Following extensive consultation with partners the Economic Growth plan was adopted by Cabinet in September 2019. This will form the blue print for a number of key projects in future years.

➤ EU exit planning

The Business Focus team continued to provide government messages to our business communities on EU exit planning. We have continued to work with government agencies and partners to develop arrangements, particularly around the airport to manage possible impacts to our communities and residents.

➤ Finance

At the end of the second quarter of the financial year the Council’s budgets are being managed effectively.

Increased revenue surpluses are forecast on both the General Fund and Housing Revenue Accounts, with a nominal increase in expenditure on the Special Expenses account which is planned to be funded by Special Expense reserves.

Slippage has been identified within the General Fund Capital Programme as a result of spend associated with the new Coalville Leisure Centre and Marlborough Square now due to occur in 2020/21. An underspend remains on

the HRA Capital Programme, as reported in Quarter 1, largely as a result of identified underspend on the New Supply programme.

➤ Performance Indicators

The use of both qualitative and quantitative measures to supplement the delivery of the actions set out within the corporate plan provides a picture of how well the council is delivering against the expected outcomes.

The performance indicators show out of 32 indicators, 20 are on target or within tolerance, 3 are behind target and 9 are measured on annual targets.

There three areas needing attention from Quarter 2 are:-

- Spend on agency workers which has not achieved the target level of reduction in the Quarter where we are seeking to bring the annual spend down to below £1m. The first quarter was on target, but spend has increased during quarter 2 in the refuse and recycling workforce due to the need to backfill due to high levels of sickness absence in the workforce, and while there was a month on month decline in the spend on agency workers in the Housing repairs and maintenance workers the overall reduction was insufficient to meet the quarterly target. We are continuing to review each agency worker contract at 12 week intervals and we are seeking to move workers to employment contracts when we are clear there is a permanent requirement for the role as the long term Housing Improvement Programme becomes clearer.
- The level of income generation from the sale of Legal services is showing as being behind target, but it is relevant to note that a significant amount of uninvoiced work in progress will improve the position in the future.
- Percentage of rent loss – while the quarterly target was not met the cumulative annual target stands at 0.71% against a target of 0.75%, so this indicator is not giving cause for concern. We continue to do everything we can to minimise the rent loss when council houses become empty.

All three areas will be covered by an intervention plan with actions and closer monitoring in place to seek to bring the indicators back on target.

➤ Future Performance Indicator reporting

We have been undertaking a review of the performance indicators reported to Council, and while we think it is still relevant to continue to report to members the local indicators that are within the control of the Council, we will add a number of wider economic and social indicators to the quarter 3 report which will include such factors as the district unemployment rate, other indicators around business growth and development, and around Health and social factors. A number of these wider indicators are not collated on a quarterly basis – they tend to be annual. We will add a number of wider indicators to the Q3 report and ask members for feedback on the value of these.

## Priority Dashboards - Appendix 1

Appendix 1 sets out the following items:

- Progress against CDP actions
- Progress against CDP performance indicators
- Health and Safety Report
- Sickness absence management update and statistics
- Customer Feedback
- Customer Service Call Centre Statistics

Status definitions used in Appendix 1

-  Performance indicators on track, on or above target
-  Performance indicators under control
-  Performance indicators below target

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The report addresses performance against each of the Council's five priorities for 2019/20.
Policy Considerations:	The performance of the Council runs across many of our published policies.
Safeguarding:	No specific considerations
Equalities/Diversity:	No specific considerations
Customer Impact:	Detailed in the report.
Economic and Social Impact:	Detailed in the report
Environment and Climate Change:	Detailed in the report under Council priority – developing a clean and green district.
Consultation/Community Engagement:	Not applicable.
Risks:	Detailed in the report.
Officer Contact	Bev Smith Chief Executive Mike Murphy Head of HR and OD

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# Supporting Coalville to be a more vibrant, family friendly town

## Our aims

Coalville is a vibrant town - Local people choose to spend their time and money in Coalville town centre - Coalville is a good place to do business

### Key tasks 2019/20

- Develop a Coalville Regeneration Framework to enhance the town
- Seek external funding, including the new national Future High Streets Fund to support town centre regeneration

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- Seek a cinema operator for Coalville
- Establish and maintain an events programme in our public spaces

### Quarter 2 Performance

- Business Focus have appointed external advisors to support us in preparing the business case for the Council's Future High Street Fund bid which will also be the basis of the Coalville Regeneration Framework.
- In March 2019 the Business Focus Team prepared and submitted the Council's expression of interest to the Government's £675 million Future High Streets Fund. In July this year it was announced that our bid had been selected as one of fifty that are through to the second round of the Future High Streets Fund, which could see up to £25 million allocated to the regeneration of Coalville town centre.

The council has been allocated funding by the Future High Streets Fund to develop a full business case. Following member, community and business consultation, an outline bid will be submitted by 15 January and the full bid will be submitted by the end of April 2020.

In addition to the full application, the Business Focus team have been working with consultants WYG and their team to submit three applications for funding to support 'Shovel Ready' projects to the Future High Street Fund.

- Discussions are underway with a number of potential cinema operators regarding a new cinema development in Coalville town centre. The cinema project is being considered for inclusion in the Council's bid to the Future High Street Fund bid.
- In addition to Music and Picnic in the Park, delivered in quarter one, Coalville by the Sea was another successful event, with over 1500 people attending over the two days. The event this year was delivered from Needham's Walk car park, this decision was made due to the wet weather in the week before and the saturated ground conditions.

# Supporting Coalville to be a more vibrant, family friendly town

## Our aims

Coalville is a vibrant town - Local people choose to spend their time and money in Coalville town centre - Coalville is a good place to do business

### Key tasks 2019/20

- Start the redesign of Marlborough Square
- Create a vibrant indoor market on Marlborough Square
- Work in partnership to make the most of our heritage to bolster the town's identity and sense of place
- Work with the community and interest groups to celebrate and promote Coalville's heritage including 100 years of Palitoy

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### Quarter 2 Performance

- Whilst the Marlborough Square project progresses and is re-designed by external consultants to maximise quality and value for money, the Business Focus team continue to liaise with the Leicester and Leicestershire Enterprise Partnership as part project funders as well as the National Forest in relation to advice and funding for tree planting.
- The planning application has now been submitted and it is hoped that the committee will consider in November 2019. The design has been developed in line with best practice and existing traders have been engaged. The open tender process is underway. It is anticipated that work will commence on site early in 2020 and Newmarket to open April 2020. BBC Radio Leicester interviewed officers and staff on the Breakfast Show.
- We are members of the Snibston Board for Charitable and an application for Incorporated Organisation status (CIO) was submitted at the end of September, it will take up to twelve weeks to process the application. The Board worked in partnership with Coalville Heritage Society as part of Hello Heritage 2019 and a very successful Snibston open day and site tours took place in September 2019. The partners are committed to developing this event and have confirmed involvement in Hello Heritage 2020. The priorities for the Board going forward is to establish their priorities and key tasks and actions for the next five years, this work will be supported by district council officers as appropriate.
- The press launch of The Many Faces of Palitoy took place on 13 August 2019. The outreach Project Manager has been appointed and has started work. The exhibition is scheduled for 12 October to 10 November 2019 and has received comprehensive media coverage and good visitor numbers are anticipated.

# Supporting Coalville to be a more vibrant, family friendly town

## Our aims

Coalville is a vibrant town - Local people choose to spend their time and money in Coalville town centre - Coalville is a good place to do business

### Key tasks 2019/20

- Provide grants to at least ten businesses in Coalville to improve the fronts of their buildings, creating a better street scene
- Provide a tailored support programme for 20 retail businesses in Coalville
- Continue to provide support and funding for Coalville Market traders to grow their business

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### Quarter 2 Performance

- The Coalville Frontage Improvement Scheme was relaunched in July 2019. To date the scheme has received eleven initial applications for grant funding. These applications are now being developed between the grant applicant, the Business Focus team and our appointed architects, Simon Foote Architects. The available funding will be fully committed if all the applications are successful and implementation is expected in 2020 and early 2021.
- Coalville retail support programme. The project has been delayed to allow officer capacity to respond to both the Future High Street Fund and the Heritage Action Zone funding bids. Business Focus are currently procuring a retail specialist to collaborate with the Council deliver the support programme. The support sessions for twenty Coalville retail businesses will be delivered in quarter four.
- Business Focus are continuing to work with the Markets team to support the transition from the Market Hall to the Newmarket on Marlborough Square and are acting as a primary point of contact for those Market Traders who will not be transitioning to the new market and supporting them to find alternative premises. Our previous provider Kerching retail has ceased trading so we are tendering for a replacement provider to provide one-to-one support for transitioning traders. Tender submissions are due to be received on 11 October 2019.

# Our communities are safe, healthy and connected

## Our aims

Put our customers at the heart of all we do – Increase connectivity (physically and virtually) throughout our communities – Support safer neighbourhoods

### Key tasks 2019/20

- Make sure our customers can contact us in a way that suits them, with self-serve options as well as face-to-face support
- Make all appropriate transactions 'digital by default'
- Improve the accessibility of our customer service environments, continuing to reduce call wait times
- Identify locations for customers to access our services in their own communities

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### Quarter 2 Performance

- A further twelve processes have been created and implemented increasing our customers online experience. New account set up continues to grow with a further 1726 opened this quarter. In addition, a focus on waiting times both face to face and via telephone, shows an improvement from the same period last year with a reduction of thirty seconds face to face and over one and a half minutes on the phones.
- The end of the current phase of work is still forecasted to end in quarter three 2019, and is continuing to make good progress on the range of Council services online. At the end of quarter two, over 47 digital processes were available 24/7 at <https://www.nwleics.gov.uk/myaccount>. New forms and/or processes included, Customer registration, Customer change of address, apply for a personal licence, food hygiene advice and advice on how to protect the environment.
- Our average call wait time for quarter two 2019/20 was 44 seconds and 8.66% of our customers hung up before we could answer their calls. This is significant improvement over our performance in quarter one 2019/20, which had average wait times of 64 seconds with 10% of our customers disconnecting.
- This work is planned for a subsequent quarter which will give an understanding of customer pathways and the challenges that customers may face in accessing our services. Equally a sample of customer data will be taken from visitors to the Council Offices to understand where the customer has travelled from, whether they would have tried to access our services through alternative channels and what needs they may have in their local community.

# Our communities are safe, healthy and connected

## Our aims

Put our customers at the heart of all we do – Increase connectivity (physically and virtually) throughout our communities – Support safer neighbourhoods

### Key tasks 2019/20

- Deliver the actions in our Health and Wellbeing Strategy
- Working with our leisure partner to secure planning consent and start the construction of a new leisure centre in Coalville
- Modernise, reconfigure and enhance the leisure centre in Ashby
- Develop our tourism offer to encourage inward investment, dwell time and connecting visitor attractions

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### Quarter 2 Performance

- Work is continuing to deliver the NWL Health and Wellbeing Strategy. Partners on the district wide Staying Healthy Partnership including, amongst others, Public Health, Local Area Co-ordinators, Children and Family Wellbeing Services, the Clinical Commissioning Group, the NWL GP Federation, the National Forest, and the Community Safety Partnership have developed an action plan to deliver elements of the strategy, and that the group and partners have taken responsibility for delivering. In addition, an internal NWLDC Health and Wellbeing group including representation from Leisure Services, Stronger and Safer Communities, Environmental Health, Environmental Protection, Planning, Cultural Services, Housing Services and Customer Services has been established. This group will develop an internal action plan that will also deliver elements of the strategy, as well as influencing internal council strategy and policy, and external stakeholders with a view to improving the health and wellbeing of residents.
- The planning application for the new leisure centre was submitted in mid July including details of the access road from the A511. It is hoped that the committee will be able to consider the application in mid October as this will permit negotiations to secure legal agreements with Leicestershire County Council to alter the Highway Corridor and to book time to carry out the work on the A511.
- All improvement works to Hood Park Leisure Centre have been approved and commenced in July 2019. This includes, amongst other things, the relocation of the fitness suite to upstairs to the existing dance studio, the conversion of the bar and meeting room into a new dance studio, the conversion of the existing fitness suite into a new meeting room and dance studio space, the creation of a brand new dance studio, improvements to the external façade, and a redecoration of the facility.
- A tourism strategy, which sets out our approach to the development of our tourism offer, has been drafted and will be reported to Community Scrutiny Committee in November and then to Cabinet.

# Our communities are safe, healthy and connected

## Our aims

Put our customers at the heart of all we do – Increase connectivity (physically and virtually) throughout our communities – Support safer neighbourhoods

### Key tasks 2019/20

- Working with local schools, parish councils and leisure centres, improve the community leisure facilities in Castle Donington and at Ibstock, and Measham leisure centres
- Achieve accreditation from the Surveillance Camera Commissioner for our CCTV system
- Consult on revisions to Local Plan
- Encourage and support town and parish councils to write and adopt their own Neighbourhood Plans

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### Quarter 2 Performance

- Bids have been received and a report is going to Cabinet in November 2019, recommending that funding be released to Measham Leisure Centre and Ibstock Leisure Complex to deliver their projects. It is also recommended that the project at Castle Donington College be managed by NWLDC.
- Due to a change in ownership at the Belvoir Shopping Centre the move to the Council Offices has been delayed meaning that this objective will now slip into 2020/21. The new council office facility is a vital part of the technological infrastructure required to meet the accreditation standard.
- Officers have completed a survey with all parish and town councils to find out their appetite for neighbourhood plans. The results of the survey indicated that the overall majority response was no to a neighbourhood plan (68%) with only 32% saying yes. However, the comments received raised issues around capacity, funding, and knowledge shortage. As such, a workshop event for parish and town councils will be arranged in quarter four (March 2020) to share information about the neighbourhood plan process, grant support and the resource available from NWLDC officers.
- A report will be presented to Local Plan Committee on 13 November 2019 seeking approval of a consultation document in respect of a 'partial' review of the Local Plan which will propose changes to Policy S1 only, to allow for a later and revised date for the submission of the wider 'substantive' review of the Local Plan. The consultation would run from 20 November 2019 to January 8 2020. Submitting the 'partial' review by the required date of 20 February 2020 will ensure that the Local Plan remains up-to-date for the purposes of determining planning applications. Work on a wider 'substantive' review, including longer term development requirements, will be undertaken in parallel.

## Local people live in high quality, affordable homes

### Our aims

Increase the number of affordable homes in the district – Improve the quality of our council housing – Improve the quality of private rented accommodation

#### Key tasks 2019/20

- Get planning permission and start building new council homes in Coalville, Whitwick and Measham
- Establish a local housing/trading company
- Buy affordable homes from developers to increase the availability of council housing
- Ensure residential development takes place on brownfield sites in Moira and Measham

#### Quarter 2 Performance

- Design work has begun on the Coalville site and pre-application work is underway on revised sites in Whitwick and Measham. The sites originally identified in Whitwick and Measham had constraints that were not initially anticipated which represented a barrier to development. One site has a significant gas main running through it, and the other has access challenges and significant trees that reduced the developable area. Alternative sites in both location have now been identified. and are being prepared for development which we anticipate will take place in 2021/22.
- Work to develop our Local Trading/Housing Company will recommence once the new Strategic Director joins the Council in January 2020.
- The Council has made offers to purchase a number of Section 106 planning gain affordable housing units from developers where they meet out financial and housing need criteria. This year to date we have been successful in being selected as the approved development partner for seven properties on two such schemes in Osgathorpe and Coleorton, that are currently forecast to deliver new housing in 2020/21. We also agreed to acquire two properties in Ashby through this process earlier in 2019, and these were successfully delivered and occupied during quarter two.
- Initial proposals for both of these former sheltered housing scheme sites were to redevelop them through a disposal to a developer. However after extensive discussions it has not been possible to achieve a satisfactory position regarding these, so our approach has been revised to allow us to develop them ourselves with new Council housing. Extensive pre-planning work has already been undertaken so that planning applications on sites in Moira and Measham can be submitted in December 2019. The current anticipated start on site for both schemes is march 2020, although this will be dependant on being able to secure planning permission first.

# Local people live in high quality, affordable homes

## Our aims

Increase the number of affordable homes in the district – Improve the quality of our council housing – Improve the quality of private rented accommodation

### Key tasks 2019/20

- Ensure all new housing in the district meets the standards of the NWLDC Good Design Guide
- Invest up to £7.6 million to upgrade tenants' homes and their neighbourhoods
- Alter tenants' homes where there is an assessed medical need, by spending £295,000 on level access showers, stair lifts and other aids and adaptations

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### Quarter 2 Performance

- All major planning proposals are subject to consultation with the Council's Urban Designer who assesses the schemes objectively using Building for Life criteria, the Council's Good Design Guide, and the new National Design Guide (September 2019). All major planning proposals in this period have achieved a high quality design. The Design Ambassadors tour of development sites to review the success of schemes has been arranged for quarter three.
- The Home Improvement Programme is designed to ensure that all our tenants homes continue to meet the Decent Homes Standard through upgrading components as they reach the end of their life. This includes new bathrooms, kitchens, windows, doors and roofs as well as other work. At the end of quarter two, works to the value of £1.22 million or 223 components have been completed from an annual programme of 558. Whilst most areas of the programme are ahead of schedule, the roofing and electrical rewiring elements are running behind due to difficulties in recruiting suitably skilled operatives to carry out the work earlier in the year. These recruitment challenges have now been overcome through use of agency staff, and good progress is being made, although the roofing work is heavily weather dependent. Other works within the capital programme include wider estate improvements, such as external painting, fencing projects, which are all currently within the tender processes with works due to commence by quarter three and be complete within quarter four or early in the next financial year.
- During the first two quarters, we completed thirty one major and eighty minor adaptations to the combined value of £144k. Minor adaptations include such items as grab rails and lever taps, whilst majors are more significant building works such as ramps, stair lifts and level access showers. There are two significant adaptations currently being designed, for a ground floor extension and additional car parking close to an already adapted property.

## Local people live in high quality, affordable homes

### Our aims

Increase the number of affordable homes in the district – Improve the quality of our council housing – Improve the quality of private rented accommodation

#### Key tasks 2019/20

- Invest £778,000 in estate improvements including off street parking, improvements to footpaths and roads and mobility scooter stores

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- Carry out a proactive, targeted enforcement so all eligible landlords have a Houses in Multiple Occupation (HMO) Licence

#### Quarter 2 Performance

- The off street parking programme is focussed on the Willesley estate in Ashby de la Zouch (which was brought forward from 2018/19) to be followed by The Biggin/Wakefield Court in Castle Donington with design work and consultation having been completed in the first two quarters in Ashby and a planning application submitted. Because of the requirement for additional information with respect to surface water drainage and the repositioning of trees, the Planning application will now go to December 2019 Planning Committee with the contractor procurement process running in parallel, to enable works to commence in quarter four subject to approval. Some areas of the programme have proven more challenging to deliver and as a result, full expenditure of this budget is unlikely in this financial year. Details of the revised position will be available in the quarter three report.
- The team continue to receive and process Houses in Multiple Occupation (HMO) applications and are getting towards thirty licensed HMO's. A proactive campaign launch is planned for quarter four commencing in Kegworth. Officers have been working proactively with the Parish Council and local ward members to progress the use of planning legislation (Article 4 Direction) so that small HMO's require planning permission, giving the Council more control on individual cases through the submission of planning applications. It is the intention to seek Cabinet approval to authorise the making of a Kegworth-wide Article 4 direction in quarter four.

# Support for businesses and helping people into local jobs

## Our aims

Match local people with skills and jobs – Support new and growing businesses to create jobs – Help young people into work

### Key tasks 2019/20

- Give comprehensive compliance advice to smaller businesses and start-ups with a focus on food hygiene and allergen controls
- Working in partnership with the National Forest Company, carry out an options appraisal for Moira Furnace as part of an application for Resilient Heritage funding to the Heritage Lottery Fund
- Launch a grant funding programme that supports the growth of existing Coalville businesses as well as support new business start ups

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### Quarter 2 Performance

- Comprehensive compliance advice has been provided to ninety small businesses and business start ups during July, August and September. Advice was provided to all ninety businesses through face to face inspections by qualified Environmental Health Practitioners.
- The tender document for Moira Furnace options appraisal is due to be finalised in Q3. Discussions are currently underway with the National Forest Company with regard to their Heart of the National Forest master planning process and we are ascertaining whether these two processes can be progressed together as one tender.
- In July 2019, the Business Focus team launched our third phase of Enterprising grants. The £250,000 grants programme offers grants between £1,000 and £25,000 to growing small and medium sized enterprises in North West Leicestershire. Grant applicants will be required to lever match funding and to create new jobs.

As of the end of September 2019, Enterprising Phase three has received twenty six initial applications for £301,036 of grant funding. These applications are now being developed between the grant applicant and their appointed grants officer. Not all of these applications will progress to grant award.

Due to the high levels of demand for the Enterprising Grant funds, we are now oversubscribed and we have closed the scheme to new applications.

# Support for businesses and helping people into local jobs

## Our aims

Match local people with skills and jobs – Support new and growing businesses to create jobs – Help young people into work

### Key tasks 2019/20

- Provide targeted support for local business who may be impacted by HS2 and EU Exit
- Adopt and start to deliver the aspirations of the North West Leicestershire Economic Growth Plan 2019-21
- Working with our new leisure partner increase local employment, training and apprenticeships opportunities with a key focus on local supply chains in the construction of the new Coalville Centre

### Quarter 2 Performance

- Business Focus are continuing to liaise with local business to promote the government's messages to business on EU Exit readiness. The team have expanded the communications radius from the Champions Network and the employers at East Midlands Airport to now include all business in Castle Donington and Kegworth.

In Addition, Business Focus are working with the Department for International Trade to coordinate a workshop for businesses post EU Exit. The workshop will include advice on funding, research and development, innovation and also advice on importing and exporting.

There were no significant decisions or new information to communicate to local businesses regarding HS2 in quarter two.

- Following consultation with partners, the North West Leicestershire Economic Growth Plan and the supporting documents were adopted by Cabinet in September 2019.

The Business Focus team will continue working to finalise a delivery schedule for the projects identified with the plan.

As part of the Business Focus teams work preparing the NWL Economic Growth plan, the team also created an investor prospectus designed to attract and facilitate inward investment enquiries. The prospectus has been shared with the Department for International Trade and the Invest Leicestershire team to make them aware of the opportunities for inward investment.

- This work will commence during quarter four once planning consent is secured in mid October 2019 and the highways agreements (section 278 approvals) are in place.

# Developing a clean and green district

## Our aims

Lead by example by reducing our own carbon footprint – Reduce littering and fly tipping – Promote the work of the National Forest

### Key tasks 2019/20

- Increase recycling rates by at least 1% every year through our Recycle more... campaign
- Develop and run a high profile fly tipping campaign 'Breaking the Cycle'
- Expansion of our Free Tree scheme
- Run an electric car charging point pilot in the Ashby

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### Quarter 2 Performance

- The new Recycle More Officer started on 1 July 2019. The officer is responsible for supporting the Recycle more campaign with all communications, including social media and community engagement.  
  
"Recycle more...the tour" took place Tuesday 20 to Friday 23 August launching the council's new three year recycling campaign. The tour travelled around the district with seven roadshows held in Kegworth, Castle Donington, Coalville, Measham, Ibstock, Market Street, Ashby and Tesco, Ashby. We engaged with over 700 people including residents, businesses, and councillors.  
  
During quarter two preparation has begun on two projects which will launch in quarter three, a trial of a new stackable recycling trolley with 250 residents and a weekly food waste collection service trial for 2000 households.
- Breaking the Cycle campaign was launched in quarter one by holding a "Green Day" in Greenhill with housing and street cleansing. This was an opportunity to inform and educate residents about fly tipping and the consequences. To spread the message wider information was also handed to DIY outlets across the district.
- An expanded Free Tree scheme is due to start in quarter three.
- The data from the pilot in Ashby car park will be analysed as part of the Car Parking Service review currently taking place. This analysis will inform the roll out of further electrical charging points in the district. A districts partnership bid has been submitted to the LLEP to help cover the cost of roll out for next year for more electric charging points. The findings from the review including this area of work will be taken to scrutiny and Cabinet in the new year.

# Developing a clean and green district

## Our aims

Lead by example by reducing our own carbon footprint – Reduce littering and fly tipping – Promote the work of the National Forest

### Key tasks 2019/20

- Support towns and villages to develop an identity associated with the National Forest
- Sponsor the National Forest Company's international Timber Festival in 2019 and 2020

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### Quarter 2 Performance

- Supported by NWLDC funding and officer support, Ashby Town Council have made strong progress with design work on new 3D town maps/signage as well as a community board at the public toilets and gateways signs to the town. The roll out of the Ashby brand is also progressing at a pace.  
  
The new leisure centre off the A511 has a key focus on a woodland and landscape setting reflecting the forest along with notable wooden features to both the external and internal features of the building. The National Forest were part of the design review panel set up by officers.
- The district council is supportive of the National Forest Company's approach to developing a Masterplan/Visioning document for the Heart of the National Forest, working with key partners (landowners) in the heart of the forest area to look at future opportunities for the area over the next twenty five years. A funding request has been received from the National Forest Company by the district council to fund the progression of this work. A financial contribution from the district council would secure our role as a partner and could bring beneficial links to the work we are progressing at Moira Furnace.
- Financial support to the festival has been agreed and a sponsorship agreement signed off.

# Developing a clean and green district

## Our aims

Lead by example by reducing our own carbon footprint – Reduce littering and fly tipping – Promote the work of the National Forest

### Key tasks 2019/20

- Support private householders to improve the energy efficiency of their homes and help those in greatest need to access Government grants for affordable warmth

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- Complete the installation of 400 air source heat pumps in council homes and assess tenant satisfaction

### Quarter 2 Performance

- The local ECO Flex scheme provides home owners and those renting from landlords with easy access to funding for loft and cavity wall insulation. Our delivery partners Harborough Energy have advised that the insulation providers working in our area has gone out of business and therefore there has been no promotion or delivery of the scheme in quarter two. A new provider has been appointed who is already actively working in Hinckley and Harborough. In September, Leicestershire County Council launched their own ECO Flex scheme so we are now in the position of having to decide whether to pursue our own arrangements with the new supplier or defer into the County Scheme.

In July our Collective Switching partner ichoosr informed us that our scheme has helped households save over £61k on their energy costs since its launch in 2015. During quarter two we have been promoting our Autumn auction which ends on 26 November.

Customer services staff have updated referral information about the Warm Homes scheme to tie in with the start of the colder weather and an article was included in the Council's newsletter for tenants.

- The Air Source Heat Pump installation programme has progressed with 51 additional installations to September 2019 with 96% customer satisfaction feedback. There remain 64 dwellings on the programme not yet completed due to the reluctance/refusal of the tenants to permit installation, and we are currently considering the options to overcome this issue through working with the tenants, and where possible undertaking the works when the properties become empty at the end of a tenancy.

## Value for money

It is our ethos to manage our budgets carefully and sensibly. This allows us to provide excellent value for money in our services; investing in key schemes and infrastructure that make a real difference in our communities, whilst balancing the books and planning for the future.

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Amount of income generation from the sale of Legal Services</li> </ul>	£5,288	£10,890		<ul style="list-style-type: none"> <li>We remain behind target for actual income banked. However our work in progress (WIP) position is strong. Un-invoiced WIP total £25,543.11, which will be billed in October 2019.</li> <li>The income expected from planning which include S106's has slightly increased from last month and currently sits at £40,800.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of rent loss</li> </ul>	1.03	0.75		<ul style="list-style-type: none"> <li>The stand alone performance for September has exceeded target at 1.03% due to the length of time some homes have remained empty. Although some of the longer term empty homes have been re-let, there continue to be new homes becoming empty primarily due to tenants passing away or moving to other council accommodation. The cumulative annual performance is 0.71% which is on target. In monetary terms the year to date rent loss is £67,580.60 .</li> </ul>
<ul style="list-style-type: none"> <li>Amount of spend on agency workers is reduced to £1m in 19/20</li> </ul>	£339,268.19	£250,000.00		<ul style="list-style-type: none"> <li>Although the agency spend is higher than the profiled target, the spend in the highest spending department – Housing – did decrease as the quarter progressed.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of Council Tax Collected (in year target)</li> </ul>	56%	56.5%		
<ul style="list-style-type: none"> <li>Percentage of National Non Domestic Rates (in year target)</li> </ul>	57.8%	55.1%		<ul style="list-style-type: none"> <li>There are some medium size business rate payers that haven't paid this years liability and summonses have now been issued.</li> </ul>

## Value for money

It is our ethos to manage our budgets carefully and sensibly. This allows us to provide excellent value for money in our services; investing in key schemes and infrastructure that make a real difference in our communities, whilst balancing the books and planning for the future.

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Amount of days taken to process new claims</li> </ul>	13.8 days	15.5 days		<ul style="list-style-type: none"> <li>In year cumulative is 13.3 days.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of rent collected from commercial tenants</li> </ul>	62%	58%		<ul style="list-style-type: none"> <li>The pattern of the target is determined by the pattern of payments. By this stage of the financial year going into quarter three we should be at 58% to be on track for 100% collection and are currently at 62%.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of commercial units occupied per annum</li> </ul>	86%	88%		<ul style="list-style-type: none"> <li>Occupation of the commercial units has increased from 84% in quarter one. Quotations have received for engaging commercial agents to market our vacant properties to include production of particulars, acting as the point of contact, accompanying viewings, marketing on national property websites. This is planned to be rolled out early in quarter three.</li> </ul>
<ul style="list-style-type: none"> <li>Amount of annual income achieved by the In-house Repairs Team at least £5.2 million</li> </ul>	£1,228,654	£1,300,000		<ul style="list-style-type: none"> <li>The income level achieved is slightly below target but reflects the anticipated parameters of a work program of this scale during quarter one and quarter two. There is a higher number of higher value of component replacements being completed in quarter three and quarter four than has been the case in quarter one and quarter two, hence the annual outturn is still projected to achieve the target.</li> </ul>

# Supporting Coalville to be a more vibrant, family friendly town

## Our aims

Coalville is a vibrant town - Local people choose to spend their time and money in Coalville town centre - Coalville is a good place to do business

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Number of people attending Coalville events organised</li> </ul>	2,100	2,000	★	<ul style="list-style-type: none"> <li>Coalville by the Sea attracted 1,500 visitors and Coalville Hello Heritage initiatives attracted 600 visitors.</li> </ul>
<ul style="list-style-type: none"> <li>Number of events delivered in Coalville</li> </ul>	1	1	★	<ul style="list-style-type: none"> <li>Successful delivery of Coalville by the Sea.</li> </ul>
<ul style="list-style-type: none"> <li>Number of visitors/tourists spending is increased by 2% across the District</li> </ul>	N/A	2%	—	<ul style="list-style-type: none"> <li>This information will be reported in quarter four using a nationally recognised data source which is collected annually.</li> </ul>
<ul style="list-style-type: none"> <li>Shop vacancy rates in the Belvoir Centre are more positive than the national average.</li> </ul>	N/A	2%	—	<ul style="list-style-type: none"> <li>This data will be reported in quarter four using national statistics</li> </ul>

# Our communities are safe, healthy and connected

## Our aims

Put our customers at the heart of all we do – Increase connectivity (physically and virtually) throughout our communities – Support safer neighbourhoods

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Number of online accounts</li> </ul>	19,877 (cumulative)	22,500 (annual)	★	<ul style="list-style-type: none"> <li>Actual is on track to meet annual target.</li> </ul>
<ul style="list-style-type: none"> <li>Number of online forms submitted (transactions)</li> </ul>	6,141	N/A	—	<ul style="list-style-type: none"> <li>This figure is variable based on customer demand. The Council are working towards how we might express this as a percentage of overall contact and to measure the increase in digital uptake for reporting.</li> </ul>
198 <ul style="list-style-type: none"> <li>Percentage of customer satisfaction (Customer Services)</li> </ul>	98%	92%	★	<ul style="list-style-type: none"> <li>Actual is ahead of target.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of high risk ASB cases recorded and actioned within 48 hours</li> </ul>	N/A	100	—	<ul style="list-style-type: none"> <li>Over the last quarter in excess of 60 cases of ASB have been reported to the council, All cases were risk assessed and the vast majority have been assessed as low risk. In the Last quarter one high risk case has been closed and no new cases were classified as high risk.</li> </ul>

# Local people live in high quality, affordable homes

## Our aims

Increase the number of affordable homes in the district – Improve the quality of our council housing – Improve the quality of private rented accommodation

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Percentage of major residential development schemes scoring / performing positively</li> </ul>	100%	90%	★	<ul style="list-style-type: none"> <li>The Planning and Development Team continue to ensure that 100% of major residential score positively against Building for Life 12 and the Councils Good Design Guide.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of major planning applications determined within 13 weeks</li> </ul> <p>199</p>	94.7%	75%	★	<ul style="list-style-type: none"> <li>Performance in determining major planning applications (e.g. greater than 10 dwellings and 1000 square metres of commercial development) remains strong and in quarter two was 94.7% which is well above the national target set by Government of 60% and the locally set target of 75%. In quarter two, 36 of 38 majors determined within the required 13 week period or where an extension of time was agreed with the applicant.</li> </ul>
<p>Percentage of minor planning applications determined within 8 weeks</p>	91.66%	80%	★	<ul style="list-style-type: none"> <li>Performance in determining minor planning applications (e.g. less than 10 dwellings and 1000 square metres of commercial development) remains strong and in quarter two was 91.66% which is well above the national target set by Government of 70% and the locally set target of 80%.</li> </ul>

## Local people live in high quality, affordable homes

### Our aims

Increase the number of affordable homes in the district – Improve the quality of our council housing – Improve the quality of private rented accommodation

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>• Percentage of other planning applications determined within 8 weeks</li> </ul>	88.30%	85%		<ul style="list-style-type: none"> <li>• Performance in determining other planning applications (e.g. householder developments) remains strong and in quarter two was 88.30% which is well above the national target set by Government of 80% and the locally set target of 85%.</li> </ul>
<ul style="list-style-type: none"> <li>• Percentage of all repairs completed within target</li> </ul>	97.52%	94%		<ul style="list-style-type: none"> <li>• Performance in completing repairs on time continues to be strong, and an improvement on previous years. Consultation is underway with tenants groups regarding a revised Repairs Policy through which we will ensure that completion times continue to meet the expectation of our customers.</li> </ul>
<ul style="list-style-type: none"> <li>• Average length of time taken to relet a Council property when it becomes vacant</li> </ul>	19 days (quarter two average)  15 days (year to date average)	22 days		<ul style="list-style-type: none"> <li>• In quarter one this performance area was assessed by using the length of time to complete repairs to an empty Council property. This has been amended for quarter two to be the overall average time a property is empty which includes both repairs completion and reletting the home to a new tenant, which is a more holistic performance measure. Current performance is ahead of target, although we anticipate an increased number of empty homes in the later part of the year, (quarter three and quarter four), the overall average empty home period is therefore expected to rise, although not to exceed the target for the year.</li> </ul>

# Support for businesses and helping people into local jobs

## Our aims

Match local people with skills and jobs – Support new and growing businesses to create jobs – Help young people into work

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Number of jobs in the tourism sector is increased in the District</li> </ul>	N/A	2%	—	<ul style="list-style-type: none"> <li>Annual target, to be reported in quarter four.</li> </ul>
<ul style="list-style-type: none"> <li>Number of food businesses improving hygiene standards</li> </ul> <p>201</p>	7	7	★	<ul style="list-style-type: none"> <li>As a result of targeted advice and enforcement 7 food establishments previously rated 0,1 or 2 have improved standards and are now rated a minimum of 3. The total number of food establishments with a minimum rating of 3 increased from 686 to 694 during July, August and September.</li> </ul>
<ul style="list-style-type: none"> <li>Number of business enquires received and supported</li> </ul>	43 (New) 9 (Repeat)	25	★	<ul style="list-style-type: none"> <li>There were fifty two total enquiries for the team, forty three new enquiries and nine repeat. The team completed over forty four follow up (emails or meetings) and six were referred on to the women in business support programme, six were shop front enquiries. We had a number of enquiries and requests for information for the Enterprising North West Business grant which is now fully subscribed if all expressions of interest go through to be awarded grants.</li> </ul>

# Support for businesses and helping people into local jobs

## Our aims

Match local people with skills and jobs – Support new and growing businesses to create jobs – Help young people into work

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Value of Coalville shop fronts grant awards</li> </ul>	N/A	£40,000		<ul style="list-style-type: none"> <li>We are progressing ten applications to the Coalville Frontage improvement scheme, including Newmarket. A further three applications representing four frontages have been put on a waiting list. One application has progressed to stage one grant panel and sketch drawings have been prepared for a further five. Newmarket and 2A Hotel Street are also progressing. We have closed the scheme to new applicants as the available budget has been reached.</li> </ul>
<p>202</p> <ul style="list-style-type: none"> <li>Number of businesses supported - Market Towns business support programme</li> </ul>	3	5		<ul style="list-style-type: none"> <li>The Business Focus Team have had a number of meetings and enquiries for support from market traders. Three meetings were about re-location from the existing market to shops within Coalville. The market café and the white goods stalls are struggling to find any suitable premises so we have put together a short list of possible shops for them and keep monitoring vacancies.</li> </ul>

# Developing a clean and green district

## Our aims

Lead by example by reducing our own carbon footprint – Reduce littering and fly tipping – Promote the work of the National Forest

Performance indicator 2019/20	Actual	Target	RAG	Commentary
<ul style="list-style-type: none"> <li>Number of trees delivered to the local community to expand the district's National Forest area</li> </ul>	N/A	13,000		<ul style="list-style-type: none"> <li>This free tree scheme will start in quarterthree.</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of fly tipping in district is reduced by 3% over the year</li> </ul>	N/A	3%		<ul style="list-style-type: none"> <li>Annual target, to be reported in quarterfour</li> </ul>
<ul style="list-style-type: none"> <li>Percentage increase on yearly recycling rate by 1%</li> </ul>	N/A	1%		<ul style="list-style-type: none"> <li>Annual target, to be reported in quarterfour</li> </ul>
<ul style="list-style-type: none"> <li>Amount in kgs of household waste sent to landfill per house, per year</li> </ul>	84.81kgs	125kgs		<ul style="list-style-type: none"> <li>This target has been exceeded for quarter two as during this quarter (and quarter one) we collect high volumes of garden waste which is not sent to landfill. However the volumes of garden waste which will be collected in quarter three and quarter four will decrease as the weather will have an impact upon this.</li> </ul>

# Health and Safety Report Q2 2019

- **Accidents**

There were eleven accidents to employees reported in the quarter, there were no RIDDOR reportable accidents. The accidents did not result in any time off work for the affected employees. We also had one near miss reported - a road traffic accident. All accidents and near misses were investigated and measures put in place to minimise re-occurrence.

- **Accidents statistics graph 2005 - 2018**

As can be seen in the graph below the average number of employee accidents have, since 2007, been stable at around fifty annually or approximately one per week.

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# Health and Safety Report Q2 2019

- **Training**

So far in 2019/20 64 employees have attended “in house” Health and Safety training, which included explosive devices training with our fire wardens.

- **Legionella**

Stringent procedures and testing provided during the first quarter of the year, ensured there were no reports of any bacterial ingress. Regular testing continues to take place, the regime includes the Main Council Offices, Sheltered Housing, Parks and sports pavilions throughout the district.

- **Fire**

Fire warden training took place on 12 September 2019 when thirteen fire wardens refreshed their knowledge in evacuations involving suspicious packages. The next fire evacuation will take place once the new fire alarm system is commissioned later this year. Testing of fire systems continues in accordance with our procedures.

- **Risk assessments**

2019

To ensure full legal compliance, Senior Management must ensure we have *in written form*, suitable and sufficient risk assessments for any task they expect their staff to perform and to communicate safe systems of work to those who are at risk. In 2018/9 479 assessments were reviewed and there were new thirty nine assessments added to the portfolio. We are currently reviewing out safety procedures and implementing the actions highlighted in the Health and Safety Audit Report published earlier in the year.

- **Asbestos**

If there is a report of unregulated Asbestos is being found, the Council’s policy is for operatives to immediately report their find to their line manager, who following a dynamic risk assessment may consider engaging specialist contractors to manage further arrangements for removing handling or transporting of the Asbestos, according to agreed procedures.

## Sickness Update

- 1.1 In quarter two (2019/20) there were 1281 FTE days lost due to sickness, equating to 2.93 days per full time equivalent (FTE) – this is higher than the same period 2018/19 (1043 FTE days lost). Projecting ahead, based on quarter two results, the annual absence rate will be 10.68 days lost per fte against a corporate target of 8.0 days.
- 1.2 The difference between this year’s figure against the same period last year is largely due to the nine fold increase in long term sickness due to neurological reasons and five fold increase in sickness due to blood conditions. Non-work related stress has also increased by 50%.
- 1.3 Community Services (4.23 days/FTE), Economic Development (3.58 days/FTE) and Housing (3.23 days/FTE) were the work areas with the highest levels of sickness in this quarter.
- 1.4 67% of sickness in Community Services was in Waste Services (495 fte days) of which 71% was long term, lasting 10 more days. Housing Repairs and Maintenance accounted for more than 55% of all sickness in Housing, of which 47% was long term. Organisationally, 66% of all sickness was long term against 75% in the last quarter.
- 1.5 Across the organisation musculoskeletal accounted for over 22% of all sickness, as expected its occurrence is highest in waste services (38%). This was followed by personal stress (17%) and operation/post-op (12%) as the most commons reasons for sickness.

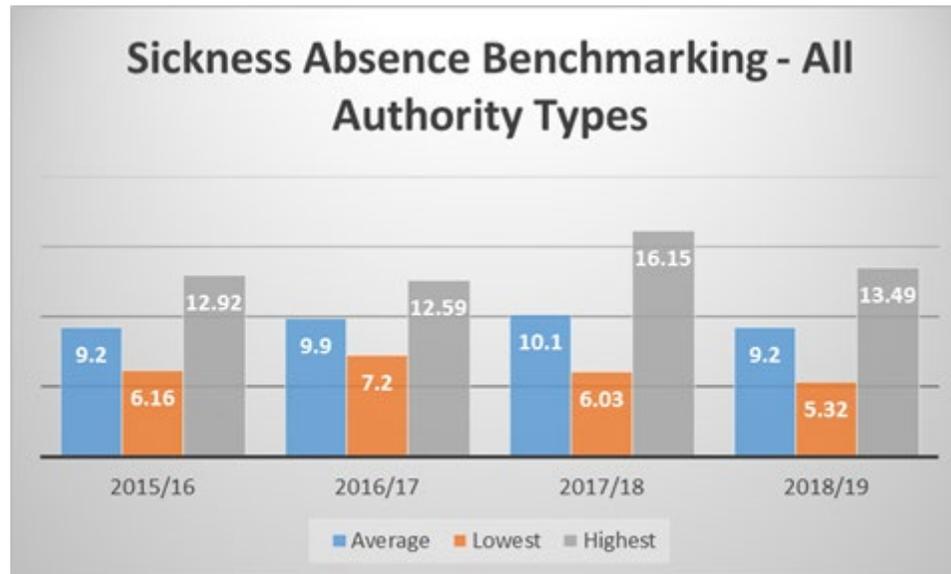
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Table below illustrates total sickness as a percentage by reason:

Sickness reason	Percentage of sickness by reason
Asthma - bronchitis - respiratory	6.17
Back pain - sprain - strain - musculo- skeletal	22.07
Blood conditions	4.91
Cancer - malignancy	0.00
Cold and Flu	3.66
Debility - fatigue	0.63
Ear nose & throat - dental	0.00
Eye - ophthalmic	5.20
Genito-urinary	1.16

Gynaecological - obstetric	0.36
Headache - migraine - neurological	10.02
Heart - cardiovascular	5.49
Infectious diseases	0.08
Operation / Post Op	12.42
Stomach - bowel - gastric - intestinal	5.24
Stress - depression - anxiety - psychological (non-work related)	16.85
Stress - depression - anxiety - psychological (work related)	5.74

- 1.7 In this quarter there were eleven members of staff with work-related stress. There does not appear to be an obvious link between these instances. All, except one employee have now returned to work or left the employment of the authority. All existing and new cases are being managed by senior HR advisor, in conjunction with Occupational Health and their line managers. Where needed, employees have been referred to Employee assistance Counselling support programme.
- 1.8 Out of the twenty one employees on long term sick in quarter two, fourteen have returned back to work, either full-time or on a phased return and two have left the employment of the council. There are currently eleven employees still on long term sickness. The Senior HR Advisors are working with team managers and Occupational Health to manage these employees back to work.
- 1.9 Completion of return to work interview forms across the Council was a rate of 91%. The return to work interviews are known to be a critical first process in managing sickness, so we continue to emphasise the need for managers to complete and return these.
- 2.0 Information has recently been published by the East Midlands Council about the regional sickness absence rates, which provides useful benchmarking comparison data. See the information in the charts below. This Councils absence rate at the end of 2018/19 was 9.2 fte's lost per employee.



Management of Absence graph – see PDF

Customer Feedback graph – see PDF

## Customer Feedback

The response time for stage one complaints across the Council has improved each month during quarter two, from 78% to 90%.

The response time for stage two complaints fell in August 2019 to 33% across the Council, however this is based on receipt of only three stage two complaints. Two of the stage two complaints took longer to respond, one was due to multiple issues and the complexity of the response required (Housing and Commercial Services) and the other (Planning and Development) related to a planning application which required further time for the review of the documents.

There was a slight fall in the response time for MP enquiries for September 2019, with seven enquires received across the Council. Six were responded to within the timeframe and the one was due to awaiting confirmation from the complainant that they were satisfied with the repair plan provided from Housing Commercial Services before the response went out to the MP.

There were two Local Government Ombudsman cases in quarter two for Leisure Services, Parks Services, both cases are linked and are still open and under investigation.

There continues to be a low level of escalation from stage one to stage two and work is continuing to improve the relationship between customer feedback and complaints and the work that the Council undertakes to improve services.

Customer Services Call Centre statistics graph – see PDF

## Customer Service Call Centre Statistics

September 2019 has seen a slight decrease across the board against August 2019 performance, due to a small increase in call volumes which is mirrored in September 2018 performance.

The Customer Service Call Centre has also provided additional support to the change in the Customer Feedback process, resulting in an experienced team member shared between departments whilst providing training to backfill their role.

However despite the slight decrease for the September 2019, quarter two saw an improvement across the board against quarter one, with all measures improving.

## Finance

General Fund	Annual Budgeted Position	Q2 Annual Forecast Position	Forecast Variance	Movement from Q1
Budgeted Contribution to/(from) Reserves	£161,000	£232,000	£71,000	-£90,000

There has been adverse variances of £1.07m, of which £282k relates to a reduction in income, £776k in additional costs compared to the budget and a number of de-minimus variances of £12k. This is offset against favourable variances of £820k, of which additional income of £164k and reduction in costs of £656k. The net variances of £250k have been financed by £321k of additional business rates, with the remaining £71k being transferred to the General Fund balance. Explanations of the significant variances (over £50k) are detailed below.

Refuse and Recycling agency costs are forecast to be overspend by £104k (net of salary savings), an increase from £87k in quarter 1. This is due to additional temporary workers required than originally budgeted due to levels of sickness absences. There is additional early retirement capital costs of £50k. Increased recycling income of £57k, an increase of £50k from quarter 1 and reduction in rent allowances of £59k.

Across the general fund there is forecast salary savings of £371k compared to budget, an increase of £102k from quarter 1. The savings are due to a number of vacant posts across the authority.

The forecast outturn for business rates is an additional £321k compared to the budget. £150k relates to additional Section 31 grants received and £170k as a result of accounting differences, compared to the budgeted level stated in the council's NNDR1 return.

Housing Revenue Account	Annual Budgeted Position	Q2 Annual Forecast Position	Forecast Variance	Movement from Q1
Budgeted Surplus/(Deficit)	£1,418,000	£1,691,000	£273,000	£222,000

The most significant variance for the HRA comes from incorporating the in-house repair team's (IRT) surplus achieved in the year so far of £487k into the quarterly budget monitoring process. Historically this hasn't been accounted for until Q4, but due to significant increases in the surplus this year we have added it now. The increase has been achieved as a direct result of the increased activity and productivity by the IRT as a result of them completing Home Improvement Programme works to Council tenants homes. The increase is partially offset by an adjustment to the budget for revenue void costs forecast for the year of £421k, which brings it in line with previous years costs and reflects changes to how we are accounting for the IRT surpluses. The expenditure in this area has not increased significantly over previous years, and this adjustment corrects a historic under provision.

Other significant savings include a reduced expenditure on painting of £100k, lower council tax on voids of £50k following demolition of Woulds Court and Queensway House former sheltered housing schemes, reduced responsive repair costs of £50k, reduced utility costs of £40k and net savings on staff costs of £38k. This is offset by increases to the number of asbestos surveys at additional forecast cost of £63k, and forecast reduced service charge income of £37k.

Special Expenses	Annual Budgeted Position	Q2 Annual Forecast Position	Forecast Variance	Movement from Q1
Net Expenditure	£536,000	£561,000	£26,000	£21,000

The net cost of Special Expenses services are funded through Council Tax and Localisation of Council Tax Support Grant. Any over-spend is funded from Special Expenses reserves. The forecast position is a deficit of £22k that will be funded through reserves, compared to a budgeted surplus position of £4k (that was planned to be contributed to reserves).

## Finance

General Fund Capital Programme	Annual Budgeted Position	Q2 Annual Forecast Position	Forecast Variance	Movement from Q1
Budgeted Expenditure	£15,271,947	£7,308,558	£7,963,389	£7,963,389

Since quarter 1, it has been identified that a number of the programmes have slipped. The majority of the variance is in relation to the Coalville Leisure Centre as £5.5m of the new build expenditure will now be incurred during 2020/21 instead of 2019/20 and £1.7m relates to Marlborough Square. £535k has been spent during the quarter of which £190k related to an interim payment for the Coalville Leisure Centre and £100k on upgrades to Moira Furnace. All of the expenditure is in line with anticipated spend.

Housing Revenue Account Capital Programme	Annual Budgeted Position	Q2 Annual Forecast Position	Forecast Variance	Movement from Q1
Budgeted Expenditure	£13,109,000	£9,023,000	£4,086,000	£240,000

By Q2 we spent £3.3 million and the current forecast expenditure for the year is now £9.0 million, against a forecast position at Q1 of £9.3 million. The low spend so far against forecast reflects a spending profile that is geared towards the later half of the financial year, as the beginning of the year is spent mobilising and procuring services.

The main change since Q1 is on our Sheltered Housing Improvements work, which has been revised down from £200k to £0k. This is because we have re-profiled the work into a more achievable programme, where we conduct feasibility and design work in 2020/21 followed by a three year programme to carry out the planned improvement works.

We have also reduced our forecast spend on Renewable Energy Installation Programmes by £55k to £600k, against a budget of £655k. This is because over 50 tenants have refused to have the new source heat pump installed. Where this has happened we are looking to substitute other properties that could have the air source heat pump installed, but overall do not expect to spend the entire budget this year.

Forecast expenditure on our biggest capital programmes items, New Supply and Home Improvements, remains at £1.6 million and £3.1 million respectively. The biggest underspend remains on the New Supply programme, which is £3.4 million under budget due to profiling budgets over multiple years, as reported in Q1.

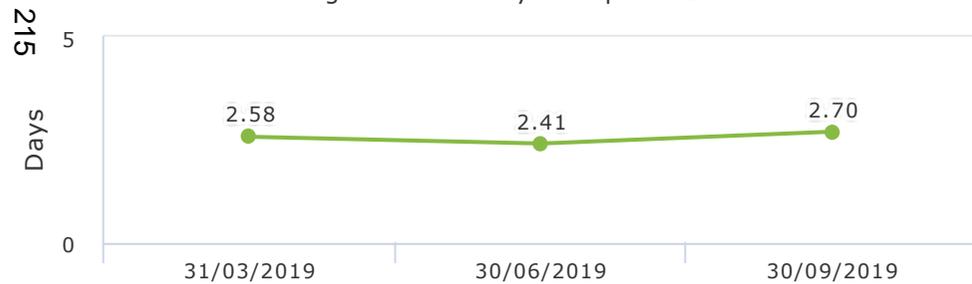
# Management of Absence

Choose a date range / period

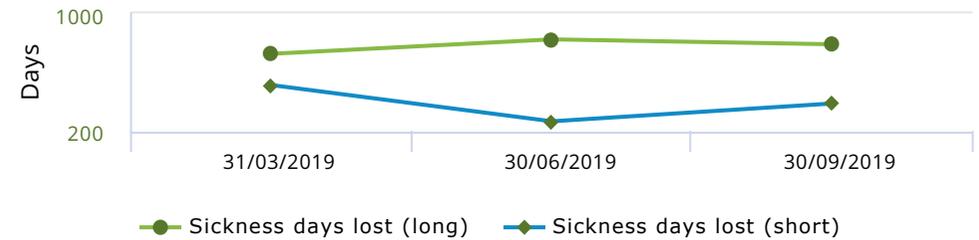
30/06/2018	30/09/2018	31/12/2018	31/03/2019	30/06/2019	30/09/2019
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Measure Name	All Directorates										
	All Directorates	Chief Executive	Community Services	Customer Services	Economic Regeneration	Finance	Housing and Property	HR & OD	Legal & Commercial Services	Planning & Infrastructure	
Avg number of days lost per FTE	7.69	0.24	10.94	4.61	6.15	2.38	8.25	3.18	5.38	2.32	
Number of FTE's	1,373.99	40.59	587.72	178.36	32.14	33.65	338.49	29.61	60.48	67.46	
Sickness days lost (long)	2,342.64	0.00	1,597.12	123.26	20.00	0.00	595.25	0.00	63.00	0.00	
Sickness days lost (short)	1,177.27	3.32	524.42	151.58	47.22	25.67	338.32	30.09	45.46	54.01	
Total days lost in qtr	3,519.90	3.32	2,121.54	274.85	67.22	25.67	933.57	30.09	108.46	54.01	

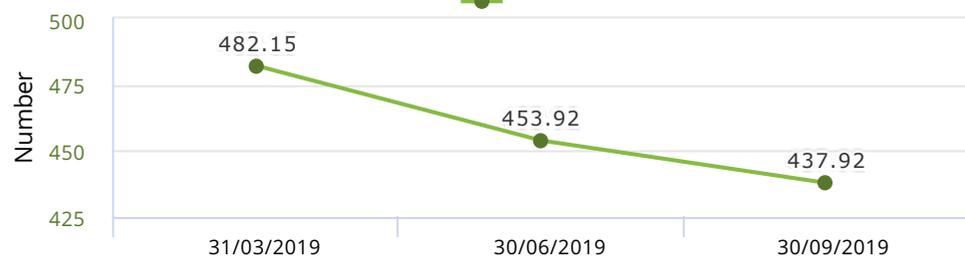
Avg number of days lost per FTE



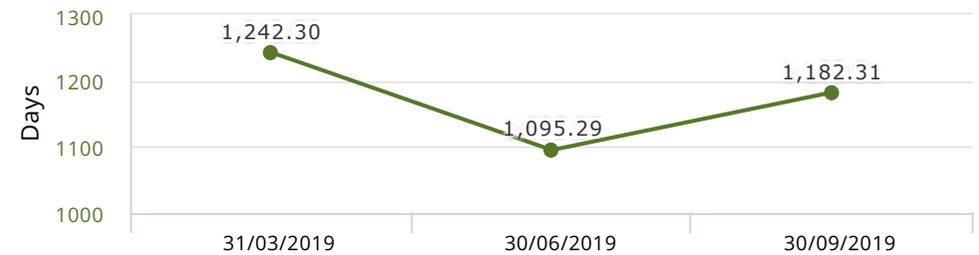
Sickness days lost



Number of FTE's



Total days lost in quarter



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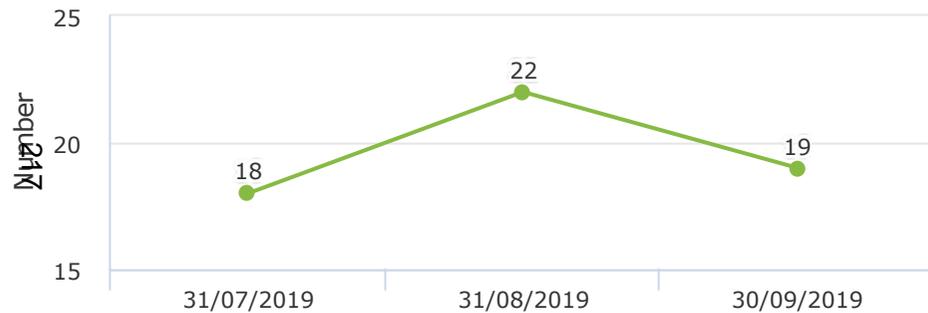
# Customer Feedback

Dates

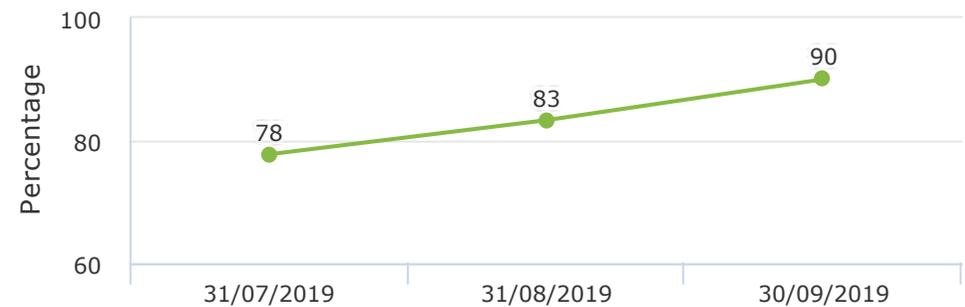
30/04/2019	31/05/2019	30/06/2019	31/07/2019	31/08/2019	30/09/2019
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Performance Indicator	Community Services	Customer Services	Economic Regeneration	Finance	Housing and Property	HR and Organisation Development	Legal and Commercial Services	Planning and Infrastructure
*PI003 - Number of compliments received	4	2	0	0	13	0	0	0
*PI004 - Number of ombudsman cases received	2	1	0	0	0	0	0	0
*PI005 - Percentage of stage 1 complaints responded to within 10 days	100	100	100	100	83	100	100	100
*PI006 - Percentage of stage 2 complaints responded to within 10 days	100	100	100	100	100	100	100	100
*PI007 - Percentage of MP enquiries responded to within 10 days	100	100	100	100	67	100	100	100

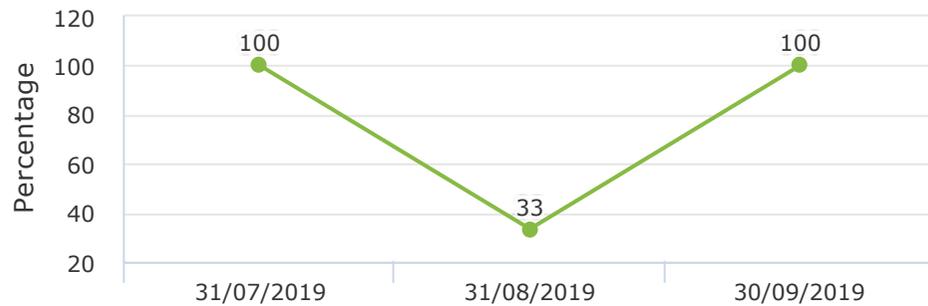
Number of compliments received



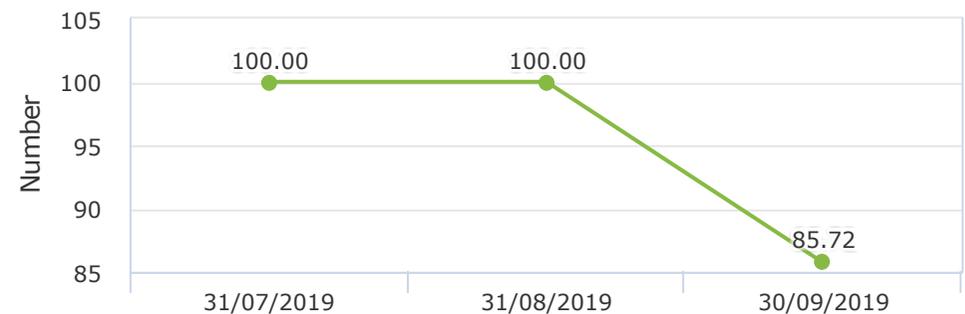
Percentage of stage 1 complaints responded to within 10 days



Percentage of stage 2 complaints responded to within 10 days



Percentage of MP enquiries responded to within 10 days



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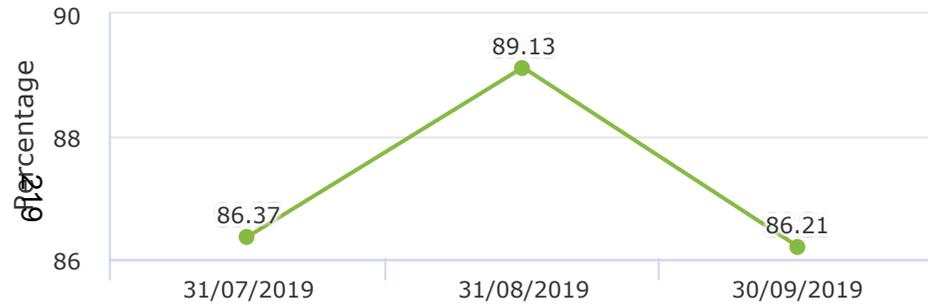
# Customer Service Call Centre Statistics

Dates

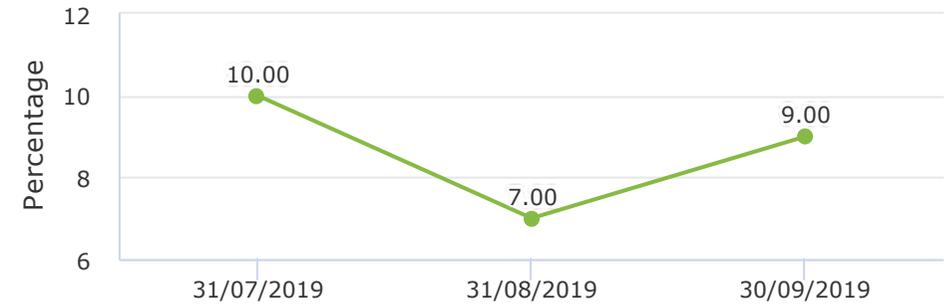
30/04/2019	31/05/2019	30/06/2019	31/07/2019	31/08/2019	30/09/2019
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Measure Name		Jul 2019	Aug 2019	Sep 2019
PI029 - Percentage of calls answered in the call centre	Actual	86.37	89.13	86.21
PI030 - Percentage of Call centre rate of abandonment	Actual	10.00	7.00	9.00
PI032 - Average amount of minutes a visitor has to wait before they are seen by Customer Services	Actual	6	6	7
PI235 - Amount of seconds for customer call waiting time average	Actual	41	40	51

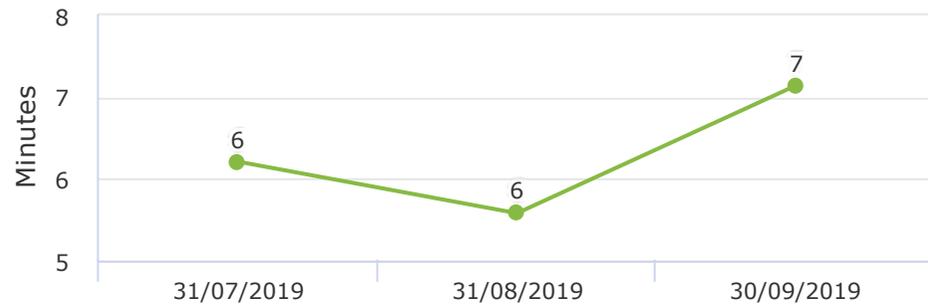
Percentage of calls answered



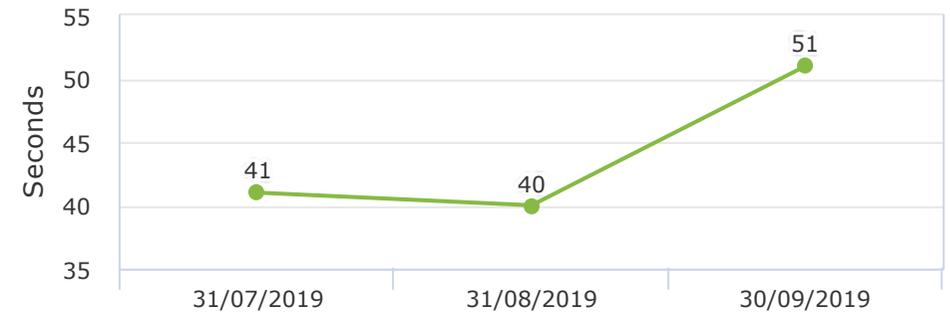
Percentage of calls abandoned



Average amount of time a customer waits before being seen



Average amount of seconds for customer calls waiting time



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**Corporate Scrutiny Committee – WORK PROGRAMME (as at 24/12/19)**

<b>Date of Meeting</b>	<b>Item</b>	<b>Lead Officer</b>	<b>Witnesses</b>	<b>Agenda Item Duration</b>
<b>March</b>				
11 March 2020	2019/20 Q3 Performance Report	Mike Murphy, Head of Human Resources and Organisational Development		10 minutes
11 March 2020	Customer Services Performance and Progress	Tom Shardlow, Head of Customer Services		10 minutes
11 March 2020	Corporate Disposals Policy	Chris Lambert, Head of Housing and Property		20 minutes
11 March 2020	Member Development Annual Update	Elizabeth Warhurst, Head of Legal and Commercial Services		10 minutes
<b>July</b>				
10 June 2020	2019/20 Q4 Performance Report	Mike Murphy, Head of Human Resources and Organisational Development		10 minutes

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# Notice of Executive Key Decisions

The attached notice lists the matters which are likely to be the subject of a key decision by the Council's executive and executive decision making bodies. This notice is produced in accordance with the Constitution adopted by North West Leicestershire District Council and will be published a minimum of 28 days before the date on which a key decision is to be made on behalf of the Council.

The date of publication of this notice is Friday, 13 December 2019. The Deadline for making any representations as to why items marked as private should be considered in public by **Cabinet on 14 January 2020 is 5pm Friday, 3 January 2020.**

## Key Decisions

A key decision means a decision taken by the Cabinet, a committee of the Cabinet, an area or joint committee or an individual in connection with the discharge of a function which is the responsibility of the executive and which is likely:

- (a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the Council;
- (c) for the purposes of (a) and (b) above £100,000 shall be regarded as significant in terms of expenditure or savings, and any issue which, in the opinion of the Leader is likely to have an impact on people, shall be regarded as significant in terms of impact on communities.

## The Council's Executive

The Council's executive committee is the Cabinet. The Cabinet comprises:

Councillor R Blunt	-	Leader	Councillor A Woodman	-	Community Services
Councillor R Ashman	-	Deputy Leader and Planning & Infrastructure	Councillor N J Rushton	-	Corporate
Councillor T Gillard	-	Business and Regeneration	Councillor R D Bayliss	-	Housing, Property & Customer Services

## Confidential Items and Private Meetings of the Executive

Whilst the majority of the Cabinet's business at the meetings listed in this notice will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information. This is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of the Cabinet meetings listed in this Forward Plan may be held in private because the agenda and reports for the meeting contain exempt information under Part 1 Schedule 12A to the Local Government Act (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those Items where it is considered that they should be considered in private are identified on the Notice.

## Access to Agenda and Related Documents

Documents relating to the matters listed in this notice are available at least 5 clear working days prior to the date of decision as indicated below. Other documents relevant to the matters listed in this notice may be submitted to the decision maker.

If you wish to request or submit a document, or make representation in relation to any issue contained within this notice, please contact Democratic and Support Services on telephone number 01530 454512 or by emailing [memberservices@nwleicestershire.gov.uk](mailto:memberservices@nwleicestershire.gov.uk)

## Executive Decisions

Decision	Decision Maker	Status of Decision	Public or Private  (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
<b>January 2020</b>						
Tenant Scrutiny Report - Right First Time Housing Repairs	Cabinet	Non-Key	Public	14 January 2020	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk  Head of Housing and Property Tel: 01530 454780 chris.lambert@nwleicestershire.gov.uk	Tenant Scrutiny Report - Right First Time
2019/20 QUARTER 2 PERFORMANCE REPORT	Cabinet	Non-Key	Public	14 January 2020	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk  Head of Human Resources and Organisational Development Tel: 01530 454518 mike.murphy@nwleicestershire.gov.uk	Report 2019/20 QUARTER 2 PERFORMANCE REPORT
Council Tax Base 2020/21	Cabinet	Key	Public	14 January 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	Council Tax Base 2020/21

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Awarding of MHCLG Rapid Rehousing Grant	Cabinet	Key	Part Private	14 January 2020	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk  Head of Housing and Property Tel: 01530 454780 chris.lambert@nwleicestershire.gov.uk	Awarding of MHCLG Rapid Rehousing Grant
<b>February 2020</b>						
Investment Strategy - Service and Commercial 2020/21	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	Investment Strategy - Service and Commercial 2020/21
Treasury Management Strategy Statement 2020/21 and Prudential Indicators 2020/21-2022/23	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	Treasury Management Strategy Statement 2020/21 and Prudential Indicators 2020/21-2022/23
2020-2025 Medium Term Financial Plan	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	2020-2025 Medium Term Financial Plan

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
2020/21- 2024/25 Capital Programmes and 2020/21 Capital Strategy	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	2020/21-2024/25 Capital Programmes and 2020/21 Capital Strategy
Housing Revenue Account (HRA) Budget Proposals for 2020/21	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	Housing Revenue Account (HRA) Budget Proposals for 2020/21
General Fund and Special Expenses Revenue Budget Proposals for 2020/21	Cabinet	Key	Public	4 February 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	General Fund and Special Expenses Revenue Budget Proposals for 2020/21
Future High Streets Fund Property Acquisition	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information)	4 February 2020	Councillor Tony Gillard Tel: 01530 452930 tony.gillard@nwleicestershire.gov.uk  Head of Economic Regeneration Tel: 01530 454752 mark.fiander@nwleicestershire.gov.uk	Future High Streets Fund Property Acquisition

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Proposed Article 4 Direction - Kegworth Houses in Multiple Occupation	Cabinet	Non-Key	Public	4 February 2020	Councillor Robert Ashman Tel: 01283 561700 robert.ashman@nwleicestershire.gov.uk  Head of Planning and Infrastructure Tel: 01530 454668 chris.elston@nwleicestershire.gov.uk	Proposed Article 4 Direction Report Proposed Article 4 Direction - Kegworth Houses in Multiple Occupation
Roadmap to Zero Carbon	Cabinet	Key	Public	4 February 2020	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk  Head of Community Services Tel: 01530 454832 paul.sanders@nwleicestershire.gov.uk	Roadmap to Zero Carbon
Minutes of the Coalville Special Expenses Working Party	Cabinet	Key	Public	4 February 2020	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk  Head of Economic Regeneration, Head of Community Services Tel: 01530 454752, Tel: 01530 454832 mark.fiander@nwleicestershire.gov.uk, paul.sanders@nwleicestershire.gov.uk	Report and Minutes of the meeting Minutes of the Coalville Special Expenses Working Party

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Corporate Peer Review	Cabinet	Key	Public	4 February 2020	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk  Chief Executive Tel: 01530 454500 bev.smith@nwleicestershire.gov.uk	Report and Action Plan Corporate Peer Review
<b>3 March 2020</b>						
Update on Car Park Review	Cabinet	Key	Public	3 March 2020	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk  Head of Community Services Tel: 01530 454832 paul.sanders@nwleicestershire.gov.uk	Update on Car Park Review
REVIEW OF DISCRETIONARY RATE RELIEF POLICY AND GUIDELINES	Cabinet	Key	Public	3 March 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	REVIEW OF DISCRETIONARY RATE RELIEF POLICY AND GUIDELINES

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council Tax, Non Domestic Rates and Sundry Debtor Write Offs	Cabinet	Key	Public	3 March 2020	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk  Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk	Report Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council Tax, Non Domestic Rates and Sundry Debtor Write Offs
Repairs and Maintenance Policy	Cabinet	Key	Public	3 March 2020	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk  Head of Housing and Property Tel: 01530 454780 chris.lambert@nwleicestershire.gov.uk	Repairs and Maintenance Policy Repairs and Maintenance Policy
Appleby Magna Caravan Park	Cabinet	Key	Part Private Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information)	3 March 2020	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk  Head of Housing and Property Tel: 01530 454780 chris.lambert@nwleicestershire.gov.uk	Cabinet Report and layout options Appleby Magna Caravan Park
<b>31 March 2020</b>						

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Corporate Disposals Policy	Cabinet	Key	Public	31 March 2020	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk  Head of Housing and Property Tel: 01530 454780 chris.lambert@nwleicestershire.gov.uk	Report Corporate Disposals Policy
<b>April 2020</b>						
There are no items for this meeting						
<b>May 2020</b>						
There are no meetings scheduled.						
<b>June 2020</b>						
Minutes of the Coalville Special Expenses Working Party	Cabinet	Key	Public	9 June 2020	Councillor Andrew Woodman Tel: 07970 520357 andrew.woodman@nwleicestershire.gov.uk  Head of Economic Regeneration, Head of Community Services Tel: 01530 454752, Tel: 01530 454832 mark.fiander@nwleicestershire.gov.uk, paul.sanders@nwleicestershire.gov.uk	Report and Minutes of the meeting Minutes of the Coalville Special Expenses Working Party