Scan the code above or visit www.nwleics.gov.uk/meetings for a full copy of the agenda.

Meeting	**CABINET**
Time/Day/Date	5.00 pm on Tuesday, 2 February 2021
Location	Remote Meeting using Microsoft Teams
Officer to contact	Democratic Services (01530 454512)

AGENDA

Circulation:

Councillor R Blunt (Chairman)
Councillor R Ashman (Deputy Chairman)
Councillor R D Bayliss
Councillor T Gillard
Councillor N J Rushton
Councillor A C Woodman

MINUTES of a meeting of the CABINET held in the Remote Meeting using Microsoft Teams on TUESDAY, 12 JANUARY 2021

Present: Councillor R Blunt (Chairman)

Councillors R Ashman, R D Bayliss, T Gillard, N J Rushton and A C Woodman

Officers: Mrs B Smith, Mr J Arnold, Mr A Barton, Mrs T Bingham, Miss E Warhurst, Mr T Delaney and Mr C Lambert

69. APOLOGIES FOR ABSENCE

There were no apologies for absence.

70. DECLARATION OF INTERESTS

There were no declarations of interest.

71. PUBLIC QUESTION AND ANSWER SESSION

No public questions were received.

72. MINUTES

Consideration was given to the minutes of the meeting held on 8 December 2020.

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

RESOLVED THAT:

The minutes of the meeting held on 8 December be confirmed as an accurate record of the proceedings.

Reason for decision: To comply with the constitution.

73. COUNCIL TAX BASE 2021-22

Councillor N Rushton presented the report, which sought approval of the Council Tax Base for 2021/22 as required by the Local Government Act 1992, and for delegated authority to the Section 151 Officer to submit the calculations for the estimate of Non-Domestic Rating Income. It was noted that there was expected to be a small increase in the non-collection rate from 2% to 2.5% due to the ongoing impact of COVID-19.

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

RESOLVED:

1) That the calculation of the Council Tax Base for each Parish and Special Expense area for the financial year 2021/22. As shown in Appendix 2 to the report, be approved and recommended to Council for adoption.

2) That Cabinet note that, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) regulations 2012 SI 2012/2914, the amount

calculated by North West Leicestershire District Council as its Council Tax Base for the financial year 2021/22 shall be 34,798.

3) That Cabinet note that this is the first year that no Council Tax Support Grant will be paid to each Town and Parish Council as detailed in Appendix 3.

4) That Cabinet note that the Section 151 Officer has delegated authority to submit the calculations of non domestic rating income and other amounts required by the government by 31 January each year.

Reason for decision: Statutory requirement to facilitate the setting of Council Tax for the forthcoming Financial Year.

74. EXEMPTIONS FROM THE CONTRACT PROCEDURE RULES IN Q2 2020/21

Councillor N Rushton presented the report, which informed Cabinet of exemptions from the Contract Procedure Rules made by Statutory Officers in Quarter 2 of 2020/21 as required by the constitution.

The three cases detailed in the report were in relation to Agile ICT to enable staff to work from home, Payroll software to extend the arrangement with the current supplier, and the installation of virtual meeting equipment in the Council Chamber. In all three cases, a robust procedure had been followed including a clear case made by the lead officer, legal and procurement advice being sought prior to consideration by the Section 151 Officer, Head of Paid Service and Monitoring Officer.

It was noted by Cabinet that the areas in which exemptions had been sought were essential to the smooth running of the Council and the report correctly set out the reasons why these had been urgent.

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

RESOLVED THAT:

Cabinet notes the exemptions made by Statutory Officers to the Contract Procedure Rules.

Reason for decision: To note the exemptions as required by the constitution.

75. DISEWORTH VILLAGE DESIGN STATEMENT - RESPONSE TO CONSULTATION

Councillor R Ashman presented the report, seeking Cabinet approval for the Diseworth Village Design Statement to be recommended to the Local Plan Committee for adoption as a Supplementary Planning Document. This was following consideration by Cabinet on 9 June 2020 and the Local Plan Committee on 29 July 2020. Public consultation had then been undertaken following which officers had liaised with the Parish Council to agree some amendments taking account of the responses received.

Members spoke in support of the proposals, highlighting that it was a key way for local residents to take ownership of their local area's character and avoid feeling dictated to by Councils and other bodies. Thanks were also expressed to the hard work of residents and the Clerk and Members of Long Whatton and Diseworth Parish Council on the document.

It was moved by Councillor R Ashman, seconded by Councillor N Rushton and

RESOLVED THAT:

Cabinet recommend to the Local Plan Committee that the revised Diseworth Village Design Statement be adopted as a Supplementary Planning Document subject to the changes highlighted at Appendix A of the report.

Reason for decision: The preparation of a Supplementary Planning Document is a Cabinet function.

76. AWARD OF ASBESTOS INSPECTION CONTRACT

Councillor R Bayliss presented the report, which sought Cabinet approval for the procurement of asbestos surveys and removal contractor services for the next four years. This was a specialised area where the Council needed to appoint contractors for which several quotations had been received, the details of which were set out in the appendix to the report.

It was moved by Councillor R Bayliss, seconded by Councillor R Ashman and

RESOLVED THAT:

Cabinet approves the procurement of an asbestos surveys contractor and an asbestos removal contractor to the two companies referred to in 2.3 as a direct award. Both contracts are for 4-year periods in support of housing operations subject to Council approval of funding in February 2021.

Reason for decision: The level of expenditure on the proposed contract exceeds the authority level in the Scheme of Delegation.

77. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor T Gillard, seconded by Councillor R Blunt and

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

Reason for decision: To enable the consideration of exempt information.

78. HRA PROPERTY ACQUISITIONS AND DISPOSALS

Councillor R Bayliss presented the report, updating Cabinet regarding property acquisition and disposals activities relating to the Housing Revenue Account. The report and its content were welcomed by Members.

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

RESOLVED THAT:

The recommendations, as set out on page 44 of the agenda, be agreed.

Reason for decision: To ensure all governance requirements relating to the implementation of the HRA Asset Management Strategy active asset management approach, and the new affordable housing supply strategy are satisfied in relation to the acquisitions and disposals referred to in the body of the report.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.21 pm

Chairman's initials

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS PROPOSALS FOR 2021/22**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	General Fund and Special Expenses Revenue Budget Proposals for 2021/22 – Cabinet 8 December 2020 Coalville Special Expenses Finance Update – Coalville Special Expenses Working Party – 15 December 2020 Draft Minutes – Corporate Scrutiny Committee - 6 January 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The Net Revenue Expenditure for 2021/22 is estimated at £14.9 million and the total funding available is £16.0 million. The predicted surplus of £1.1 million is assumed will be added to the Self-Sufficiency Reserve. The reserve would increase from an estimated £6.30 million at 31/03/21 to £7.41 million at 31/03/22. **Signed off by the Section 151 Officer**: Yes	
Legal Implications	None **Signed off by the Monitoring Officer**: Yes	
Staffing and Corporate Implications	None **Signed off by the Head of Paid Service:** Yes	
Purpose of Report	For Cabinet to agree the 2021/22 General Fund and Special Expenses revenue budget proposals for recommendation to Council 23 February 2021.	
Reason for Decision	To enable the Council to set a balanced budget for 2021/22 as required by statute.	
Recommendations	1. **THAT CABINET NOTE THE ASSURANCE STATEMENT BY THE S151 OFFICER;**	

	THAT CABINET RECOMMENDS TO FULL COUNCIL THAT IT: **2. APPROVES THE AMENDED GENERAL FUND FEES AND CHARGES AS DETAILED IN APPENDIX B;** **3. APPROVES THE GENERAL FUND REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX C;** **4. APPROVES THE SPECIAL EXPENSES REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX D;** **5. FREEZES THE DISTRICT'S COUNCIL TAX IN 2021/22; AND** **6. REQUIRES THE BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2021/22 TO BE TRANSFERRED TO THE SELF SUFFICIENCY RESERVE.**

1.0 INTRODUCTION

1.1 The draft General Fund budget proposals for 2021/22 were considered and approved for consultation by Cabinet on 8 December 2020. The report was subsequently shared with a number of groups, including the Corporate Scrutiny Committee on 6 January 2021. A link to the draft minutes have been included as a background paper.

1.2 This report summarises any changes made since the last Cabinet report and presents the responses to the budget consultation so that any final recommendations can be made to Council on 23 February 2021.

1.3 The government published its Provisional Local Government Finance Settlement on 17 December 2020. The settlement confirmed a much more favourable position than anticipated as part of the draft budget which has contributed to a significant movement in the anticipated position for 2021/22. Favourable movements confirmed were:

- An unanticipated £550,000 under a new grant called the "Lower Tier Services Grant";
- Additional COVID-19 Emergency funding of £195,000, taking the total of this funding to £478,000 next year;
- Additional "Local income tax guarantee" covering 75% of losses on business rates and council tax, now estimated at £68,000;
- Local Council Tax Support funding of £103,000, not included in the draft budget;
- An extension of the 75% Sales, Fees and Charges Income Compensation scheme into Quarter 1 of 2021/22. £50,000 was already included in the draft budget and the final confirmed estimate is now £64,000; and
- A new round of bonus payment in addition to legacy payments under the New Homes Bonus scheme – although the actual confirmed level of funding was £96,000 less than what we had anticipated in the draft budget.

1.4 Alongside the funding changes, there are five key additional proposals detailed within the report and a further change in assumed funding (in addition to funding changes outlined above) now that the position in respect of the council tax and business rates bases have been reviewed. These movements contribute to moving the balance on the General Fund for 2021/22 to a £1.1 million surplus position (compared to the forecast surplus of £49,000 as presented as part of the draft budget).

1.5 The Council's 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.

1.6 The approved 2021/22 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.

2.0 GENERAL FUND 2020/21 – PROJECTED OUTTURN

2.1 The third quarter Performance Report is due to be considered by Cabinet at its meeting in March and presents outturn projections for the current year. The forecast position on General Fund for 2020/21 is now a surplus for the year of £224,000, compared to a budgeted surplus of £630,000. There have been adverse variances due to COVID of £730,000 (net of emergency funding) and non-COVID favourable variance of £324,000.

2.2 The revised position is a significant and welcome favourable movement compared to the position last reported to members in the September 2020 version of the medium term financial plan. A detailed explanation of the forecast position will be provided in the separate Quarter 3 Performance Report.

3.0 2021/22 NET REVENUE EXPENDITURE PROPOSALS

3.1 For 2021/22, there is a decrease in net revenue expenditure of £285,000. 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).

3.2 Budget proposals presented in this report have been considered and approved by the Corporate Leadership Team and are categorised as either:

a) Savings – Proposed reductions in budget provision generated from savings in expenditure or additional income. The total for these is £1.92 million and details of the changes since the draft budget are detailed in paragraph 3.5 below and a full breakdown in included within Appendix A.

b) Cost Pressure - Proposed additional budget provision to cover unavoidable cost pressures. The total of these is £1.49 million and details of the changes since draft budget are detailed in paragraph 3.6 below and a full breakdown in included within Appendix A.

c) Service Development - Proposed additional budget provision to cover enhancement of the service. The total value of service development proposals is £283,000 and details of the changes since draft budget are detailed in paragraph 3.7 below and a full breakdown in included within Appendix A.

d) Staffing increases - which include the cost of the pay award, pension increases and incremental salary progression for 2021/22. The additional cost is £232,000, a decrease of £22,000 since the draft budget due to the finalisation of staffing costs.

e) De-minimums budget movements across the General Fund which totalled additional costs of £130,000.

f) Journey to Self-Sufficiency Programme– The anticipated reduction in net revenue expenditure for 2021/22 as a result of the Journey to Self Sufficiency programme. The target for 2021/22 is £570,000. Further work is being undertaken to achieve the targeted saving.

3.3 A full breakdown of proposals as outlined above can be found in Appendix A.

3.4 The following paragraphs detail the changes that have been made to the budget since the presentation of the draft budget to Cabinet in December.

Savings

3.5 For information, the following paragraphs explain the additional savings that have been identified and built into the 2021/22 budget:

a) We will realise a saving of £13,000 in relation to the contribution paid to Blaby District Council for delivery of the Lightbulb service due to revenue savings identified for administering the grants.

Cost Pressures

3.6 For information, the following paragraphs explain the changes to the cost pressures that have been identified and built into the 2021/22 budget:

a) We need to create a budget of £5,000 to enable an examination and survey to be undertaken on the railway bridge at Coalville Forest Adventure park.

b) The Minimum Revenue Provision has reduced by £4,000 from £253,000 at draft budget to £249,000 due to the changes made to the capital programme.

c) Included within the draft budget there was a reduction in car parking income of £64,000, this was due to the impact of COVID and the new car park owners in Coalville offering two hours free parking. Since the draft budget was presented to members, the car parking review has been finalised and one of the recommendations is to increase the tariffs. There is a separate report on the same agenda. This has reduced the income loss by £43,000 to £21,000.

d) We have created a budget of £52,000 for Standby/Call-Out Allowance payments. It was brought to management's attention by trade unions that there were some inequalities within the standby/call out allowance policy whereby some services were paid for being on standby and when called out and other services were not compensated. Therefore, from December 2020, a new scheme was introduced to ensure equal pay across services.

Service Developments

3.7 Below are the additional service development identified and built into the 2021/22 budget:

a) **We propose to create a budget of £6,500 for litter picking.** A suggestion was made by a Member of the Corporate Scrutiny Committee to consider providing some paid support for volunteer litter groups in the rural areas of the district as it would have a positive impact on the communities. The Corporate Portfolio Holder concurred with the Chairman and felt that some part-time support would really make a difference in the rural communities. He was happy to take the suggestion to Cabinet when it considered the budget proposals.

4.0 FEES AND CHARGES

4.1 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.

4.2 Appendix B provides a comparison of 2020/21 and 2021/22 Fees and Charges for those fees that have changed, which has been updated since draft budget to include the change to car parking tariffs and Street Naming and Numbering.

5.0 2021/22 FUNDING

5.1 The budgeted position for next years and assumptions around funding future years is currently based on the content of the Provisional Local Government Finance Settlement (LGFS) which was issued on 17 December 2020.

5.2 For 2021/22, there is an estimated indicative increase in total funding of £196,000, subject to receipt of the Final Local Government Finance Settlement expected around mid-February (although no further changes are anticipated).

5.3 As part of the settlement, additional financial support for the sector was outlined to support the response to COVID-19. This included:

- Confirmation of £478,000 of COVID-19 emergency funding. £283,000 was included in the draft budget. This funding is netted off service expenditure and so is not visible as a separate funding line in the budget summary.
- A further £64,000 (£50,000 included in draft budget) in income compensation as the scheme is extended to Quarter 1 of 2021/22. This funding is netted off service expenditure and so is not visible as a separate funding line in the budget summary.

- Funding of £235,000 which equates to 75% support from government for irrecoverable business rates and council tax losses. See Below.
- Local Council Tax Support Grant - £103,000. This funding was not budgeted for as part of the draft budget. The Council is currently working with other Leicestershire council tax precepting bodies to design a county-wide hardship scheme to cover the likely increased costs of local council tax support. It is proposed the residual funding is utilised locally for hardship relief.

5.4 Forecast Business Rates income for 2021/22 has been estimated based on the Period 9 performance of Business Rates plus assumptions around the anticipated level of growth in the district based on an assessment of commercial developments underway. A 3% decline in rates in 2021/22 is also assumed on the basis that businesses could fold as a result of the pandemic and once rates bills become payable again as relief's lapse. Due to the way Business Rates is accounted for, there will be a significant surplus on the current 2020/21 year that will need to be carried forward into 2021/22 to offset the impact of the deficit that would otherwise occur as a result of the accounting arrangements for the COVID-19 reliefs granted by government to businesses during the pandemic – this is shown in Appendix C as "Business Rates Reserve". Smaller amounts are also carried forward into 2022/23 and 2023/24 to cover the deficit spread in these years. As such, the total level of budgeted business rates funding for the Council next year is £7.6 million and is made up of budgeted business rates income and the transference of a business rates reserve.

5.5 The District Council's share of Council Tax is proposed to be frozen in 2021/22. This will be the twelfth year without an increase. The net income foregone by not increasing council tax for 2021/22 from its 2020/21 level is £174,000. The cumulative loss of income as a result of this policy from 2010/11 to 2021/22 will be £12.5 million and the cumulative average saving to residents of £400 over the twelve years. The budgeted position now reflects the revised council tax base approved by Cabinet in January 2021. The marginal increase in the base results in an increase of £41,000, from £5.48 million to £5.53 million for the 2021/22 year.

5.6 In addition to the above, the Local Authorities (Collection Fund Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and came into force on 1 December 2020, allowing the 'repayment of collection fund deficits arising in 2020/21, to be spread over the next three years rather than the usual period of a year, giving councils breathing space when setting the 2021/22 budget. The key elements of the phasing scheme applies separately to each of the council tax and non-domestic rates collection fund balances. The regulations affect the Council Tax and non-domestic rates estimated collection fund surpluses and deficits in financial years 2021/22, 2022/23 and 2023/24. The effect of this is:

- For Business Rates, the deficit is netted off the forecast retained rates position in 2021/22, 2022/23 and 2023/24 and a reserve has been set up from 2020/21 to help smooth the effect of these, as set out in 5.4 above.

- For Council Tax the budget for 2021/22 has reduced from a £66,000 to a deficit of £99,000. In 2022/23 and 2023/24 the deficits spread are £75,000 per annum.

5.6 The level of New Homes Bonus payment to be received in 2021/22 is based on committed historical legacy payments in respect of 2018/19 and 2019/20, plus a new bonus payment for 2021/22. The total level of bonus funding assumed for next year is therefore £2.45 million. The final budgeted position is £96,000 less than originally anticipated in the draft budget and this is because of some macro-funding changes made by government. Overall, the Council is better off due to the new Lower Tier Services Grant (see below).

5.5 Finally, a new funding stream was confirmed in the settlement which the Council had not budgeted for in the draft budget. The Lower Tier Services Grant for 2021/22 will be £550,000.

6.0 2021/22 BUDGET POSITION

6.1 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 2021/22 is £1.1 million. Assuming the forecast surplus is added to the Self-Sufficiency Reserve, the reserve would increase from an estimated £6.30 million at 31 March 2021 to £7.41 million at 31 March 2022.

6.2 The Budget Summary for 2021/22 can be found in Appendix C.

7.0 SPECIAL EXPENSES

7.1 The Special Expenses forecast outturn for 2020/21 is £606,000 net expenditure, compared to the budget of £667,000. The net cost of Special Expenses is funded through Council Tax and Localisation of Council Tax Support Grant. Any over-spend is funded from Special Expenses Reserves. The forecast position of a surplus of £24,000 will be a contribution to reserves, compared to the budgeted deficit of £35,000 (that was planned to be funded through reserves).

7.2 Since the draft budget was presented to Cabinet, the Special Expenses council tax rates have been updated to reflect the setting of the Council Tax Base and also the finalisation of the future planned maintenance programme. The increases in the council tax rates are detailed below:

Table 1 – Special Expenses Council Tax Band D Rates

	20/21	Increase	21/22
Coalville	£67.72	£5.92	£73.64
Whitwick	£8.03	£0.84	£8.87
Hugglescote	£18.45	£0.00	£18.45
Coleorton	£7.21	£2.01	£9.22
Lockington & Hemington	£9.42	£2.50	£11.92
Measham	£1.40	£0.33	£1.73
Oakthorpe & Donisthorpe	£4.38	£0.75	£5.13
Osgathorpe	£1.78	£0.00	£1.78
Ravenstone with Snibston	£0.66	£0.37	£1.03
Stretton-en-le-Field	£61.76	£5.73	£67.49
Appleby Magna	£4.74	£1.31	£6.05

7.3 The Special Expenses Budget Summary for 2021/22 – 2024/25 can be found in Appendix D.

8.0 MEDIUM TERM FINANCIAL PLAN

8.1 The Council's Medium Term Financial Plan 2020/21-2024/25 was last reviewed in September 2020. At that time, the projected deficit on the General Fund arising over the five year period was £5.3 million.

8.2 Given the expenditure proposals and assumptions around funding presented as part of this report, the forecast deficit between 2021/22-2025/26 remains stable and is £5.2 million. As detailed in paragraph 6.1 above, the Self-Sufficiency reserve is forecast to stand at £7.41 million as at 31 March 2022.

8.3 Full details of the full assumptions used to determine this forecast can be found in the Medium Term Financial Plan report on the same agenda as this report.

9.0 CONSULTATION

9.1 The consultation on the annual budget setting for 2021/22 consisted of scrutiny by members of the Corporate Scrutiny Committee, statutory consultation and public consultation.

Corporate Scrutiny Committee

9.2 A report was taken to Corporate Scrutiny Committee on 11 November 2020 to seek feedback on the early budget proposals. Suggestions from members of the committee were built into the draft budget proposals presented to Cabinet on 8 December 2020.

9.3 The Corporate Scrutiny Committee met on 6 January 2021 to review all the draft proposed budgets for 2021/22. A link to the draft minutes have been included as a background paper. As detailed in paragraph 3.7, the suggestion in relation to providing some support to volunteer litter collecting groups in rural areas of the district has been incorporated into the final budget.

Statutory Consultation

9.4 The statutory consultation on the 2021/22 budget proposals commenced on the 21 December 2020 and will close on the 7 February 2021. The statutory consultation included the Parish Council's within North West Leicestershire, Trade Unions and the Federation of Small Businesses. They were all provided with copies of the budget reports and given the opportunity to provide feedback. At the time of writing the report, one response has been received and is included in Appendix E. Any responses received will be provided to Cabinet in a supplementary paper, verbal update at the meeting or via email after the Cabinet meeting.

Coalville Special Expenses Working Party

9.5 The Coalville Special Expenses Working Party met on 15 December 2020 to review the council tax increase for Coalville Special Expenses. A link to the draft minutes have been included as background paper. At the meeting, clarification was sought from Members as to the exact percentage increases in the precept for individual households and bands. This was confirmed to members after the meeting.

Public Consultation

9.6 An online consultation commenced on the 21 December and will close on the 7 February 2021. The surveys asks respondents 'what feedback would you like to give us on the council's proposed budget for 2021/22'. At the time of writing this report, we have received nil responses in relation for the general fund revenue budget.

9.7 The consultation will remain open until the 7 February 2021, any responses received will be provided to Cabinet in a supplementary paper, verbal update at the meeting or via email after the Cabinet meeting.

10.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

10.1 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.

10.2 The Section 151 Officer considers that the estimate which form the General Fund budget are robust and prudent, and the proposals are deliverable for 2021/22. The overall level of General Fund reserves are also considered by the Section 151 Officer to be adequate for 2021/22.

10.3 The Section 151 Officer notes that business, housing and population growth in the district continues to rise at pace, despite the ongoing COVID-19 pandemic and as a result there is a need for future increased expenditure to be funded.

10.5 It is widely understood that in the future, all local authorities will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates) are introduced – particularly against the backdrop of recovering from the impact of COVID-19. The Council has begun to scope it's response to these matters through its Journey to Self Sufficiency Programme.

10.6 The Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's departmental multi-year Spending Review (which has been delayed a further year) and the redesign of the national Business Rates Retention System. The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government-led reviews.

10.6 The updated MTFP, presents a total deficit between 2021/22 and 2025/26 of £5.2 million, and is contingent on the delivery of £5.1m of savings in relation to the Journey to Self Sufficiency Programme. Therefore, there remains a risk that these savings are not delivered and the deficit increases.

10.7 By March 2022, the Council's Self-Sufficiency reserve is forecast to stand at £7.41 million, subject to funding commercial initiatives presented to Cabinet for approval.

Policies and other considerations, as appropriate	
Council Priorities:	The budget assists the Council to achieve all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	We have considered the impact of budget proposals to the General Fund on the protected characteristics defined within the Equalities Act. No material impacts have been identified.
Customer Impact:	Fees and Charges as outlined in Appendix B.
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	Corporate Scrutiny Committee – 6 January 2021 Statutory Consultation (Parish Councils, Trade Unions and the Federation of Small Businesses) and Public Consultation was undertaken between 21 December 2020 and 7 February 2021.
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 Section 151 Officer tracy.bingham@nwleicestershire.gov.uk

Appendix A

Budget Proposals

Savings Proposals (reduced expenditure/additional income)

Proposal Title	Amount	One-off / Ongoing
Development Corporation – one-off budget requirement in 2020/21	-£100,000	Ongoing
Audit- reduction in agency budget	-£8,250	Ongoing
Hermitage Recreation Ground - one-off budget requirement in 2020/21	-£50,000	Ongoing
Leisure – reduction in the contractor/client payments	-£90,340	Ongoing
Environmental Protection – increase in income for houses in multiple occupation licences	-£7,370	One-off
Environmental Protection – Market Towns Support Programme	-£5,000	Ongoing
Safer and Stronger – removal of the budget for the support families grant	-£30,000	Ongoing
Planning Policy – reduction in the strategic growth plan budget	-£10,000	One-off
Planning and Development – reduction in the advertising budget	-£12,500	Ongoing
Planning and Development – reduction in technical support budget	-£50,000	Ongoing
Planning Support – reduction in the HS2 support budget	-£25,000	One-off
Business Focus – Grants - one-off budget requirement in 2020/21	-£29,160	Ongoing
Cultural Services – Timber Festival - one-off budget requirement in 2020/21	-£10,000	Ongoing
Strategic Housing – reduction in the homelessness grant expenditure	-£14,090	Ongoing
Customer Services – savings in relation to staffing	-£15,270	Ongoing
Revenues & Benefits – additional funding in relation to HB Subsidy Grant	-£22,830	Ongoing
Revenues & Benefits – net saving in housing benefit	-£99,560	Ongoing
Finance System Implementation - one-off budget requirement in 2020/21	-£50,000	Ongoing
Climate Change Reserve - one-off budget requirement in 2020/21	-£885,000	Ongoing
Localisation of Council Tax Support Grant – reduce in the support grants to parishes	-£41,069	Ongoing
Revenue Contribution to Capital - one-off budget requirement in 2020/21	-£115,000	Ongoing

Proposal Title	Amount	One-off / Ongoing
Recharges to HRA – increases	-£78,173	Ongoing
Pension Additional Contribution - one-off budget requirement in 2020/21	-£153,325	Ongoing
Environmental Protection – Lightbulb Contribution	-£13,100	Ongoing
Total	**-£1,915,037**	

Proposals to cover Cost Pressures (additional expenditure/reduced income)

Proposal Title	Amount	One-off / Ongoing
Legal – reduction in legal fee income	£40,500	Ongoing
Democratic Services – District Elections	£15,500	Ongoing
Refuse and Recycling – Staffing	£245,740	Ongoing
Refuse and Recycling – reduction in recycling Income	£163,250	Ongoing
Fleet – additional expenditure for parts, overtime, servicing and labour	£24,540	One-off
Community Leisure – reduction in Castle Donington College income	£5,940	One-off
Community Leisure – reduction in income for Newbridge High School	£9,270	Ongoing
Environmental Protection – reduction in car parking income	£21,600	Ongoing
Environmental Health – increase in contractor payments in relation to pest control.	£9,000	Ongoing
Safer & Stronger – increase in contractor payments in relation to the CCTV contract	£9,290	Ongoing
Planning and Development – reduction in planning fee income	£300,000	Ongoing
Property Services – general repairs at the Courtyard	£20,000	One-off
Revenues and Benefits – additional partnership payments in relation to staffing	£17,730	Ongoing
ICT – create a budget for support and maintenance for Skype for business	£15,450	Ongoing
ICT – enhancing endpoint security	£9,500	Ongoing
Green Spaces – Coalville Forest Adventure - railway bridge examination and survey	£5,000	One-off

Proposal Title	Amount	One-off / Ongoing
Human Resources – FLM Standby Payments	£20,000	Ongoing
Standby and Callout Allowances	51,850	Ongoing
Miscellaneous Finance – increase in the bad debt provision	£75,000	Ongoing
Investment Income	£184,925	Ongoing
Minimum Revenue Provision	£248,789	Ongoing
Total	**£1,492,874**	

Service Development Proposals

Proposal Title	Amount	One-off / Ongoing
Waste Services – continuation of Food Waste trial	£175,130	Ongoing
Environmental Protection – improved cameras for fly-tipping surveillance	£15,000	Ongoing
Environmental Protection – Air Quality	£19,000	Ongoing
Business Focus – Coalville Regeneration	£35,000	Ongoing
Customer Services – new temporary post within the Customer Experience team	£32,350	One-off
Public Protection – Litter picking equipment	£6,500	One-off
Total	**£282,980**	

Other Changes affecting the net cost of services

Proposal Title	Amount	One-off / Ongoing
Staffing increases as a result of: increments, pay award (below £24,000), pension increase and other staffing increases (overtime, vacancies and change of hours)	£232,275	Ongoing
COVID Emergency Funding for Local Government	-£443,910	One-off
COVID Income Compensation	-£63,580	One-off
De minimus budgetary changes (below £5k)	£129,893	Ongoing/ One-off
Total	**-£145,322**	

Funding

Proposal Title	Amount	One-off / Ongoing
Reduction in New Homes Bonus	£958,613	Ongoing
Reduction in the Council Tax Surplus (becoming a deficit)	£165,504	Ongoing
Council Tax as a result of growth in homes in the district	-£40,597	Ongoing
Reduction in Business Rates	£3,005,952	Ongoing
Business Rates Reserve	-£3,735,215	One-off
Lower Tier Funding	-£550,277	One-off
Total	**£196,020**	

APPENDIX B

COMPARISON OF 2020/21 AND 2021/22 FEES AND CHARGES								
	2020/21		2021/22				Basis for Change	Charging Policy
Chargeable Service	**Budget 2020/21**	**Notes**	**Estimates 2021/22**	**Increase/ (Decrease)**	**Percentage Change**	**Notes**		
Appleby Magna Caravan Site Rent	£8,590	Rent: £35.03pw	£8,630	£40	0.50%	£35.20 per week from April 2020 on anniversary of individual rental agreement, an increase of 17p per week from 5 remaining residents	Proposed to increase costs by September 2020 CPI for 21/22	Business Development
Lifelines for private customers	£125,000	£4.19pw Basic; £6.31pw Enhanced. 2.6% increase will also apply to all sensors	£129,830	£4,830	0.50%	£4.21pw Basic; £6.34pw Enhanced. 0.5% increase will also apply to all sensors	Proposed to increase charges by September 2020 CPI for 21/22.	Service development
Environmental Health – Licensing	£270,950	Fee varies between £3 and £64,000	£268,870	(£2,080)	Between 0% - 11.67%	Fee varies between £3 and £64,000	Reduction in demand	Subsidised / Full Cost Recovery
Environmental Health – Health & Safety	£29,310	Fee varies between £4 and £145	£29,460	£150	Between 0% and 3.45%	Fee varies between £4 and £150	Increases in expenditure and reduction in demand	Full Cost Recovery
Environmental Health – Border Post Inspection	£13,350	Fee varies between £25 and £188	£17,480	£4,130	Between 0% and 3.39%	Fee varies between £25 and £192	Anticipated increase in demand for port health inspections post EU exit	Full Cost Recovery

	2020/21		2021/22				Basis for Change	Charging Policy
Chargeable Service	**Budget 2020/21**	**Notes**	**Estimates 2021/22**	**Increase/ (Decrease)**	**Percentage Change**	**Notes**		
Environmental Health – Pest Control	£25,900	Fee varies between £10 and £200	£29,400	£3,500	Between 0% and 5.26%	Fee varies between £16 and £200	First full year of externalised service	Subsidised / Full Cost Recovery
Leisure – Football Pitches	£9,420	Match prices: £28/£49 Team: £273/£492	£9,610	£190	2%	Match prices: £29/£50 Team: £278/£502	Annual increase	Subsidised
Waste – Bulky Collections	£42,660	£25	£43,510	£850	4%	£26	To enable a breakeven position	Full Cost Recovery
Waste – Trade Refuse	£475,840	240l - £7.50 360l - £9.00 770l - £15.00 1100l - £16.15	£438,140	(£37,700)	Between 5.00% - 6.67%	240l - £8.00 360l - £9.50 770l - £15.75 1100l - £17.00	To cover inflation increases	Full Cost Recovery
Waste – Trade Sacks	£7,700	£2.70 per sack (min 50 sacks)	£6,020	(£1,680)	3.70%	£2.80 per sack (min 50 sacks)	To cover inflation increases	Full Cost Recovery
Waste – Trade Recycling	£50,860	240l - £3.30 360l - £3.30 1100l - £5.50	£74,950	£24,090	Between 5.45% - 6.06%	240l - £3.50 360l - £3.50 1100l - £5.80	To cover inflation increases	Full Cost Recovery
Waste – Taxi MOTs	£23,160	£43	£21,860	(£1,300)	3%	£44	To cover increase in costs	Profit Generating
Environmental Protection – Burial Fees	£66,150	Fees range from £68 - £1,370	£76,970	£10,820	5%	Fees range from £71 - £1,440	To cover increase in costs	Full Cost Recovery
Street naming and numbering	£35,000	Fees range from £22 - £275	£35,000	£0	0% budget increase. Fees increase various < 1%	Fees range from £22.25 - £276.50	To cover inflation increases	Profit Generating

	2020/21		2021/22				Basis for Change	Charging Policy
Chargeable Service	**Budget 2020/21**	**Notes**	**Estimates 2021/22**	**Increase/ (Decrease)**	**Percentage Change**	**Notes**		
Environmental Protection-Car Parking Tariffs	£422,496	Fees varies between £0.50 to £36.00	£231,600	(£190,896)	Between 0%-25%	Fees varies between £0.60 to £36.00	To enable a breakeven position	Full Cost Recovery

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2021/22

2020/21 Budget £	2020/21 Forecast Outturn @P9 £	Service	2021/22 Budget £	2022/23 Indicative £	2023/24 Indicative £	2024/25 Indicative £	2025/26 Indicative £
368,460	369,830	Chief Executive	273,570	280,900	288,680	296,120	304,089
642,900	(173,330)	Human Resources	235,290	672,420	687,880	702,830	718,120
1,411,880	1,443,520	Legal & Support Services	1,497,290	1,517,910	1,551,700	1,588,690	1,629,600
2,423,240	**1,640,020**	**Total Chief Executive's Department**	**2,006,150**	**2,471,230**	**2,528,260**	**2,587,640**	**2,651,809**
359,290	405,701	Strategic Director of Place	346,850	356,480	366,630	376,400	386,400
6,290,430	7,341,584	Community Services	6,816,380	7,049,870	6,988,940	6,975,850	7,073,600
492,260	235,340	Planning & Infrastructure	713,890	704,870	513,520	651,540	690,500
839,190	801,130	Economic Development	842,550	813,120	793,010	809,710	826,750
11,630	11,630	Joint Strategic Planning	11,790	12,040	12,300	12,540	12,800
7,992,800	**8,795,385**	**Total Director of Services**	**8,731,460**	**8,936,380**	**8,674,400**	**8,826,040**	**8,990,050**
534,500	495,910	Strategic Housing	534,920	557,680	573,040	587,850	603,020
3,099,760	2,691,630	Customer Services	3,104,150	2,913,230	2,996,680	3,085,790	3,170,800
962,050	1,046,000	Finance	1,073,690	1,080,950	1,051,950	1,074,510	1,096,520
4,596,310	**4,233,540**	**Total Director of Housing & Customer Services**	**4,712,760**	**4,551,860**	**4,621,670**	**4,748,150**	**4,870,340**
15,740	42,220	Non Distributed - Revenue Expenditure on Surplus Assets	16,040	16,160	16,270	16,390	16,510
77,760	4,530	Non Distributed - Retirement Benefits	75,490	75,850	76,210	76,570	76,930
39,440	75,140	Corporate & Democratic Core	38,080	41,140	39,640	42,560	41,100
(570,000)	(41,000)	Targeted savings in relation to J2SS	(570,000)	(895,000)	(1,120,000)	(1,245,000)	(1,270,000)
885,000	885,000	Climate Change Reserve					
15,460,290	**15,634,835**	**NET COST OF SERVICES**	**15,009,980**	**15,197,620**	**14,836,450**	**15,052,350**	**15,376,739**
(1,470,310)	(1,317,027)	Net Recharges from General Fund	(1,582,150)	(1,616,540)	(1,649,850)	(1,683,800)	(1,718,410)
13,989,980	**14,317,808**	**NET COST OF SERVICES AFTER RECHARGES**	**13,427,830**	**13,581,080**	**13,186,600**	**13,368,550**	**13,658,329**
		CORPORATE ITEMS AND FINANCING					
		Corporate Income and Expenditure					
1,209,643	1,175,990	Net Financing Costs	1,458,432	2,059,043	2,242,682	2,334,164	2,439,286
(190,800)	(109,985)	Investment Income	(5,875)	(4,895)	(3,445)	(2,047)	(2,047)
88,696	88,696	Localisation of Council Tax Support Grant - Parish & Special Expenses	47,627	31,752	15,876	0	0
115,000	146,700	Revenue Contribution to Capital (Charging Points)	0	0	0	0	0
15,212,519	**15,619,208**	**NET REVENUE EXPENDITURE**	**14,928,014**	**15,666,980**	**15,441,713**	**15,700,667**	**16,095,568**
630,368	223,679	Contribution to/(from) Balances/Reserves	1,110,893	1,362,704	(362,894)	(2,229,783)	(5,098,084)
0	5,048,344	Contribution to Business Rates Reserve to fund future deficit and safeguard against volatility	0	0	0	0	0
15,842,887	**20,891,231**	**MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)**	**16,038,907**	**17,029,684**	**15,078,819**	**13,470,884**	**10,997,483**

2020/21 Budget £	2020/21 Forecast Outturn @P9 £	Service	2021/22 Budget £	2022/23 Indicative £	2023/24 Indicative £	2024/25 Indicative £	2025/26 Indicative £
		Financed By					
3,410,707	3,410,707	New Homes Bonus	2,452,094	891,117	0	0	0
66,086	66,086	Transfer from Collection Fund	(99,418)	(74,676)	(74,676)	0	0
5,484,489	5,484,489	Council Tax	5,525,086	5,615,476	5,705,867	5,796,258	5,886,648
6,881,605	11,694,734	National Non-Domestic Rates Baseline	3,875,653	4,512,315	5,450,729	5,721,129	4,477,403
	0	Business Rates Reserve	3,735,215	318,276	318,276	0	0
	235,215	Local Tax Income Compensation: Business Rates and Council Tax (COVID-19) Funding)	0	0	0	0	0
		Lower Tier Services Grant	550,277	0	0	0	0
0		Damping	0	5,767,176	3,678,623	1,953,497	633,432
15,842,887	**20,891,231**	**TOTAL FUNDING AVAILABLE**	**16,038,907**	**17,029,684**	**15,078,819**	**13,470,884**	**10,997,483**

APPENDIX D

SPECIAL EXPENSES BUDGET SUMMARY

SPECIAL EXPENSES	2020/21 Budget	2020/21 Forecast Outturn @ P9	2021/22 Budget	2022/23 Indicative	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative
	£	£	£	£	£	£	£
COALVILLE							
Parks, Recreation Grounds & Open Spaces	327,650	294,185	340,370	386,750	389,390	371,980	419,430
Broomley's Cemetery & Closed Churchyard	39,330	33,668	26,610	29,340	25,080	27,860	26,150
One Off Grants	2,000	0	2,000	2,000	2,000	2,000	2,000
CV Public Conveniences, Vehicle Activated Signs & Other Exp	8,620	7,504	8,690	8,880	9,050	9,220	9,410
Coalville Events	71,910	63,600	79,780	79,090	79,760	80,420	81,070
	449,510	**398,957**	**457,450**	**506,060**	**505,280**	**491,480**	**538,060**
WHITWICK							
Cemetery & Closed Churchyard	22,890	19,071	23,390	9,110	9,320	9,340	9,560
Cademan Wood car park & Open Spaces	990	12,585	4,040	4,130	3,680	4,320	4,420
	23,880	**31,656**	**27,430**	**13,240**	**13,000**	**13,660**	**13,980**
HUGGLESCOTE							
Cemetery & Closed Churchyard	33,150	15,967	25,140	19,650	20,040	17,050	15,150
	33,150	**15,967**	**25,140**	**19,650**	**20,040**	**17,050**	**15,150**
PLAY AREAS/CLOSED CHURCHYARDS							
GROUNDS MAITENANCE & PPM:							
OSGATHORPE	390	306	400	410	420	430	440
COLEORTON	18,820	19,549	6,300	8,780	5,440	5,450	5,570
RAVENSTONE	390	306	3,080	5,720	2,610	2,680	2,760
MEASHAM	4,390	4,388	4,480	7,030	3,500	3,580	3,660
LOCKINGTON-CUM-HEMINGTON	3,410	3,404	2,760	2,820	11,620	2,940	3,050
OAKTHORPE & DONISTHORPE	4,330	4,088	13,940	4,550	4,640	4,730	4,820
STRETTON	2,270	2,266	1,820	1,860	9,550	1,940	1,980
APPLEBY MAGNA	4,020	4,023	13,810	3,400	3,100	3,180	3,260
OTHER SPECIAL EXPENSES	**38,020**	**38,330**	**46,590**	**34,570**	**40,880**	**24,930**	**25,540**
SPECIAL EXPENSES (NET COST OF SERVICE)	**544,560**	**484,910**	**556,610**	**573,520**	**579,200**	**547,120**	**592,730**
Service Management recharges/Admin Buildings	122,000	120,930	136,420	139,270	142,050	144,880	147,760
NET COST OF SERVICES AFTER RECHARGES	**666,560**	**605,840**	**693,030**	**712,790**	**721,250**	**692,000**	**740,490**
Contribution to/(from) Balances/Reserves	(35,403)	24,379	(73,566)	(63,471)	(20,781)	51,322	77,398
MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)	**631,157**	**630,219**	**619,464**	**649,319**	**700,469**	**743,322**	**817,888**
FUNDED BY:							
Precept	514,764	514,764	563,937	617,247	676,613	742,982	817,538
Localisation of Council Tax Support Grant	63,503	63,503	47,627	31,752	15,876	0	0
Asset Protection/External Contributions	52,890	51,952	7,900	320	7,980	340	350
	631,157	**630,219**	**619,464**	**649,319**	**700,469**	**743,322**	**817,888**

This page is intentionally left blank

Appendix E

Statutory Budget Consultation Response

Consultee	Response
Measham Parish Council	The Parish Council have no comments to make on the budget. They have said however that they think the council should create a budget to make ex-gratia payments to all front line staff at the district council in recognition of the hard work that has been given over the pandemic.

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2021/22**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Corporate Scrutiny Committee Draft Minutes - 11 November 2020 Draft Housing Revenue Account Budget for 2021/22 – 8 December 2020 Corporate Scrutiny Committee Draft Minutes – 6 January 2020 Award of Asbestos Inspection and Removal Contract – 12 January 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	This report sets a balanced budget for the Housing Revenue Account for 2021/22, with a budgeted surplus of £35k. **Signed off by the Section 151 Officer**: Yes	
Legal Implications	None **Signed off by the Monitoring Officer**: Yes	
Staffing and Corporate Implications	There are no corporate or staffing changes since the draft budget presented in December 2020, which included proposals to increase headcount by 17 staff. **Signed off by the Deputy Head of Paid Service:** Yes	
Purpose of Report	To seek approval of the 2021/22 Housing Revenue Account (HRA) Budget.	
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2020/21.	
Recommendations	**THAT CABINET:** **A. NOTE THE ASSURANCE STATEMENT BY THE S151 OFFICER; AND**	

	B. RECOMMEND THE COUNCIL APPROVES THE FOLLOWING CHANGES TO RENTS AND CHARGES FOR 2021/22: **a. INCREASE COUNCIL HOUSE RENTS BY UP TO 1.5%, AS SET OUT IN THE DRAFT BUDGET IN DECEMBER.** **b. REDUCE FEES AND CHARGES BY AN AVERAGE OF 3.1% AS SET OUT IN APPENDIX C.** **c. REDUCE SERVICE CHARGES BY AN AVERAGE OF 3.5% AS SET OUT IN APPENDIX D.** **C. RECOMMEND THE COUNCIL APPROVES THE HOUSING REVENUE ACCOUNT BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX A.**

1.0 BACKGROUND

1.1 Cabinet reviewed the draft Housing Revenue Account budget proposals for 2021/22 at its meeting on 8 December 2020 and approved the launch of a consultation on the budget. This report updates Cabinet on the result of the consultation and changes made to the budget since December.

2.0 2020/21 OUTTURN POSITION

2.1 Forecast surplus on the HRA in the current financial year is now £2.4m, which is £366k less than budgeted. This is mainly due to the latest national lockdown reducing demand for repairs and preventing delivery of the home improvement programme, which leads to a higher deficit on our in-house repairs team trading account. More detail on the outturn will be presented to Cabinet in the third quarter performance report in March.

3.0 CHANGES TO THE 2021/22 BUDGET

3.1 The budgeted surplus has fallen from £229k in the draft budget to £35k in this final budget. The cause of these changes is due to additional cost pressures, including:

- **Increase in computing costs of £141k.** This is because the new housing IT system is no-longer expected to go live in this financial year, which means software licences for the existing systems will need to be renewed. Work is ongoing to engage with existing suppliers to reduce these costs.
- **Additional £40k budget for asbestos surveys.** This follows the conclusion of the procurement exercise for a new contractor and brings the budget in line with the values set out in the report to Cabinet in January on this subject.
- **Additional £10k of costs due to the introduction of a new standby policy in December 2020.**
- **Additional £17k budget for a strategic review of our fleet service.** This value represents the appropriate apportionment of the costs of this review between the HRA and General Fund.

- **The revenue contribution to capital outlay (RCCO) has been reduced by £50k to £3.65m.** This change ensures that the HRA budget is balanced, but the capital programme remains fully funded.

Appendix B sets out changes to budgets over £5k and has been updated to include these changes.

3.2 There has also been one change to the planned service charges. Following the decision in December to freeze officers pay above £24,000, a planned increase in the support officer checks service charge, which is solely made up of salary costs, has been removed as a result of the pay freeze and income has reduced by £200 as a result. Overall, service charges will fall by an average of 3.54%, led by a one-off reduction in the grounds maintenance service charge of 14.7% due to the suspension of the service in the early stages of the pandemic. All fees and charges as set out in appendices C and D.

4.0 CONSULTATION PROCESS

4.1 Comments from tenants

4.2 As part of the consultation process, we have engaged with tenants in a number of ways:

- We consulted the Tenant Scrutiny Panel on 5 January and the Tenant and Leaseholder Consultation Forum on 12 January. This took the form of a presentation of the budget and the changes within it, and we invited comments and discussion from the groups.

- In response to comments from the Corporate Scrutiny Committee made last year, we have included an article relating to the budget in the January 2021 edition of our tenant newsletter, InTouch. This newsletter is sent to all our tenants, and the article set out the key changes to the budget, including changes to rents and service charges, and invited tenants to complete an online survey to express their views.

4.3 No comments were made by the tenant scrutiny panel or the tenant and leaseholder consultation forum.

4.4 At the time of writing only two tenants provided a response to the online survey, which is a very low response rate. The comments made relating to the Housing Revenue Account include:

- Both responses were either unsupportive or very unsupportive of the planned rent increases, with one tenant citing the pressure the pandemic is having on people and the other how cold their property is.

- One tenant was unsupportive of the service developments, which were limited to the new tenancy sustainment officer and additional resourcing to support the introduction of the new housing IT system when it goes live. The tenant commented that they thought there would be better things to spend the money on.

4.5 No changes have been made as a result of these comments. The consultation is ongoing, and officers will report a summary of any further comments received when Cabinet meets on 2 February, and any comments after this period via email.

Comments from Corporate Scrutiny Committee

4.2 The Corporate Scrutiny Committee met on 6 January to consider the draft budget, having previously considered the detailed proposals in November 2020 as part of our enhanced member engagement on the budget. A link to the draft minutes for both these meetings has been included as a background paper on page one of this report.

4.3 In the January meeting, one member of the committee expressed concerns around the planned 1.5% increase in rents. They also queried whether the reduction in expenditure on responsive repairs was a result of tenants not requesting repairs due to covid-19. This responsive repair requests have reduced as a result of the pandemic, the reduction on this budget is based more on a long-term decline in repair costs.

4.3 No changes have been made to the HRA budget as a result of comments from the Corporate Scrutiny Committee.

5.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

5.1 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.

5.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2021/22 are robust and prudent, and the proposals are deliverable.

5.3 The Section 151 Officer also considers that the overall level of Housing Revenue Account reserves are adequate.

Policies and other considerations, as appropriate	
Council Priorities:	Local people live in high quality, affordable homes
Policy Considerations:	None identified
Safeguarding:	None identified
Equalities/Diversity:	All tenants have been invited to participate in the consultation this year through the quarterly tenant newsletter.
Customer Impact:	All of our tenants will be impacted by the changes in rents, whilst a large number will also be impacted by the changes in service charges.
Economic and Social Impact:	None identified
Environment and Climate Change:	This budget provides funding for the HRA Capital Programme, which includes initiatives to respond to the climate change emergency.
Consultation/Community Engagement:	• Corporate Leadership Team • Housing and Property Services Portfolio Holder • Corporate Scrutiny Committee • Tenant Scrutiny Committee • Tenant and Leaseholder Consultation Forum • Online Survey
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 tracy.bingham@nwleicestershire.gov.uk

This page is intentionally left blank

APPENDIX A

HOUSING REVENUE ACCOUNT SUMMARY	2020/2021 Budget £	2020/2021 Forecast (p9) £	2021/2022 Budget £
1. TOTAL REPAIRS & MAINTENANCE	5,540,720	4,666,720	5,524,747
SUPERVISION & MANAGEMENT			
2. General	2,100,630	2,018,610	2,212,284
3. Special / Supporting People	593,570	560,170	619,821
4.	2,694,200	2,578,780	2,832,106
5. PROVISION -DOUBTFUL DEBTS	100,000	100,000	100,000
6. CAPITAL FINANCING:-			
7. Depreciation - MRA & other	3,139,190	3,139,190	3,178,525
8. Debt Management Expenses	2,750	2,750	2,930
9. TOTAL CAPITAL FINANCE COSTS	3,141,940	3,141,940	3,181,455
10. IN-HOUSE REPAIRS TEAM NET (SURPLUS)/DEFICIT	(285,520)	817,622	(400,720)
11. DEPARTMENTAL ADMINISTRATION	0	(119,960)	0
12. TOTAL EXPENDITURE	**11,191,340**	**11,185,102**	**11,237,588**
13. RENT INCOME			
14. Dwellings	(17,306,320)	(17,265,900)	(17,445,770)
15. Service Charges	(556,770)	(518,730)	(541,140)
16. Garages & Sites	(65,920)	(48,610)	(49,350)
17. Other	(23,140)	(23,140)	(23,198)
18. TOTAL INCOME	**(17,952,150)**	**(17,856,380)**	**(18,059,378)**
19. NET COST/(SURPLUS) OF SERVICES	**(6,760,810)**	**(6,671,278)**	**(6,821,790)**
20. J2SS Cost Savings/Income increases	(225,000)	**0**	(225,000)
21. CAPITAL FINANCING - HISTORICAL DEBT	125,000	110,000	108,000
22. CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
23. INVESTMENT INCOME	(109,900)	(43,620)	(3,380)
25. TOTAL DEBT FINANCING COSTS	**3,047,270**	**3,323,550**	**3,136,790**
26. NET OPERATING EXPENDITURE/(SURPLUS)	**(3,713,540)**	**(3,347,728)**	**(3,685,000)**
27. REVENUE CONTRIBUTION TO CAPITAL	934,000	934,000	3,650,000
28. REPAYMENT OF HRA DEBT	0	0	13,000,000
29. TRANSFER FROM LOAN REPAYMENT RESERVE	0	0	(13,000,000)
29. NET (SURPLUS) / DEFICIT	**(2,779,540)**	**(2,413,728)**	**(35,000)**
<u>HRA BALANCES</u>			
30. Balance Brought Forward	(3,699,522)	(3,699,522)	(6,113,250)
31. (Surplus)/Deficit for Year	(2,779,540)	(2,413,728)	(35,000)
32. Transfer from/(to) Loan Repayment Reserve	0	0	13,000,000
33. HRA General Balance as at year end	(6,479,062)	(6,113,250)	(6,148,250)
34. Loan Repayment Reserve balance	(13,000,000)	(13,000,000)	0

This page is intentionally left blank

HRA Budget Proposals over £5,000 **APPENDIX B**

* denotes new since December Cabinet

Reason for changing the budget	Proposal	One-off / reoccurring	Investment/ (Saving) Amount compared to 2020-21
Cost Pressures	Five additional posts in the commercial services staffing to deliver the larger home improvement programme	Reoccurring	£233,976
	Additional empty home repair costs as a result of inflation. This figure has been reduced by £30,000 as a result of savings expected through the additional tenancy sustainment officer service development.	Reoccurring	£48,354
	*Additional costs for renewing software licences	One-off	£141,000
	*Additional costs for asbestos surveys following procurement of a new contract.	Reoccurring	£40,000
	Increase in corporate recharges from the General Fund	Reoccurring	£55,570
	*Additional costs as a result of a new standby policy	Reoccurring	£10,580
	*HRA share of strategic fleet service review	One-off	£17,200
Increase/ Decrease in Income	Estimated additional surplus from the In-House Repairs team, in response to increasing home improvement work. This is net of additional staff costs from an additional 11 operatives required to deliver the programme, less £90k savings from reduced agency spend, with additional costs for materials and transport as a result of the higher workload. Included in this figure is £25k additional recharge costs associated with fleet vehicles.	Reoccurring	£-54,999
	Rents are due to increase by 1.5% for 2020-21. However, the increase to expected income is offset by a higher than anticipated number of right to buys in the last quarter of 2019-20, which reduced the number of stock, and thus decreased our income.	Reoccurring	£-139,450
	Income from fees and charges, which includes service charges, is expected to decrease. This is largely due to some services pausing during the pandemic, with cost savings being passed onto tenants in 2021/22.	One-off	£22,686
	Reduction in investment income due to lower returns since the pandemic.	Reoccurring	£106,520

Service Development	An additional Tenancy Sustainment Officer as a result of a new approach to managing rent arrears. This is part funded by a resulting saving in repairing empty homes	Reoccurring	£40,957
	Additional salary costs to allow continued development the new Housing IT System in its first year of operation.	One-Off	£19,000
Budget Saving	Savings through re-procuring our heating servicing contract and removed historic underspending from compliance budgets result in a net saving of £13,630.	Reoccurring	£-13,630
	Reduction in responsive repairs budget due to sustained improvement in performance by the responsive and minor works repairs teams.	Reoccurring	£-100,000
	Saving as a result of consolidating repairs budgets.	Reoccurring	£-15,380
	Reduction in the painting budget as there is currently no painting programme due for 2021/22	One-Off	£-150,000
	Lower planned expenditure on professional fees	Reoccurring	£-6,000
Total Impact compared to the 2020/21 budgets			**£256,384**

APPENDIX C

COMPARISON OF 2020/21 AND 2021/22 HOUSING CHARGES								
	2020/21		**2021/22**					
Chargeable Service	**Actual 2020/21**	**Notes**	**Estimates 2021/22**	**Increase/ (Decrease)**	**Percentage Change**	**Notes**	**Basis for Change**	**Charging Policy**
Service Charges	£561,027	See Appendix D	£541,138	-£19,888	-3.54%	See Appendix D	Based on assessment of all chargeable services	Full Cost Recovery
Central Heating	£66,640	0 Bed: £6.27pw 1 Bed: £7.57pw 2 Bed: £8.68pw 3 Bed: £9.99pw	£63,310	-£3,330	-5.00%	0 Bed: £5.96pw 1 Bed: £7.19pw 2 Bed: £8.25pw 3 Bed: £9.50pw	Based on revised estimate of usage and forecast energy prices for 2021/22.	Full Cost Recovery
Garage & Garage Site Rent	£49,100	Garage: £7.09 per week Garage Site: £4.54 per week	£49,350	£250	0.50%	Garage: £7.13 per week Garage Site: £4.56 per week	Inflationary increase	Profit generating
Tenants Contents Insurance	£44,590	Premiums from £0.28 to £6.23 per week	£44,590	£0	0.00%	Premiums from £0.28 to £6.23 per week	No increases expected this year from supplier.	Profit generating
Lifelines (East Midlands Housing Association)	£16,200	Various depending on scheme but range from £1.91 to £3.18 per week	£16,280	£80	0.50%	Various depending on scheme but average increase from £1.92 to £3.20 per week	Inflationary increase	Service development
Total Services	**£737,557**		**£714,668**	**-£22,888**	**-3.1%**			

Housing Service Charges **APPENDIX D**

COMPARISON OF 2020/21 AND 2021/22 SERVICE CHARGES

	2020/21	**2021/22**			**Comments**
Chargeable Service		**Estimates 2020/21**	**Increase/ (Decrease)**	**Percentage Change**	**Basis of Increase/(Decrease)**
Cleaning of shared/common parts	£65,759	£66,088	£329	0.50%	Contractual inflationary increase.
New Cleaning Contract Blocks	£30,280	£30,431	£151	0.50%	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	£109,985	£93,817	-£16,168	-14.70%	Reduction caused by the suspension of the grounds maintenance service during the early stages of the pandemic.
Utility costs of shared/common parts (Electricity)	£69,678	£66,194	-£3,484	-5.00%	Decrease as a result of planned budgetary savings.
Door entry systems	£1,565	£1,560	-£5	-0.32%	Based on falling actual costs.
Repairs and replacement of items in laundry room	£22,790	£22,904	£114	0.50%	Contractual inflationary increase.
Repair and replacement of items in common room/kitchen	£623	£608	-£15	-2.41%	Based on analysis of actual costs.
Support Officer checks in Schemes including fire Alarms	£6,383	£6,383	£0	0.00%	Service charges frozen as a result of the planned pay freeze on salaries over £24,000.
Servicing of fire extinguishers	£850	£914	£64	7.52%	Based on average of past 6 years actual charges
Maintenance of Control Centre link equipment	£34,709	£34,883	£174	0.50%	Contractual inflationary increase.
Older Persons Service Charge	£161,544	£163,321	£1,777	1.10%	RPI increase based on September RPI figure
Administration fee	£52,106	£49,280.54	-£2,825	-5.42%	15% of chargeable services
Total Services	**£561,027**	**£541,138**	**-£19,888**	**-3.54%**	

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**2021/22 CAPITAL STRATEGY AND 2021/22 - 2025/26 CAPITAL PROGRAMMES**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Corporate Scrutiny Minutes – 11 November 2020 Draft Capital Programme – Cabinet – 8 December 2020 Draft Minutes – Corporate Scrutiny Committee - 6 January 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The General Fund Capital Programme for 2021/22 is £20.2 million. The main schemes are the new leisure centre in Coalville, Council Offices Refurbishment project, Coalville Regeneration and Marlborough Square. The Housing Revenue Account Capital Programme for 2021/22 is £15.6 million. The main schemes are the Home Improvement Programme and the New Supply programme, which make up 77% (£12.0 million) of the programme. Both programmes account for considerable slippage of funding from the 2020/21 financial year that is currently forecast for delivery in 2021/22.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	None	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To advise Members of the likely Capital Outturn and the relevant financing for 2020/21 for the General Fund and the Housing Revenue Account (HRA). To seek approval to the General Fund and HRA Capital Programmes for 2021/22 and to note indications for future years and associated funding.	

Reason for Decision	To enable projects to be included in the Programmes for approval at Cabinet.
Recommendations	**1) THAT COUNCIL BE RECOMMENDED TO APPROVE THE 2021/22 CAPITAL STRATEGY INCLUDED IN APPENDIX A, IN LINE WITH THE PRUDENTIAL CODE.** **2) THAT THE FORECAST GENERAL FUND AND HRA CAPITAL OUTTURN FOR 2020/21 AND PLANNED FINANCING BE NOTED IN APPENDICES B AND C.** **3) THAT COUNCIL BE RECOMMENDED TO APPROVE THE CAPITAL PROGRAMMES IN 2021/22 DETAILED IN:** • **APPENDIX B – THE GENERAL FUND CAPITAL PROGRAMME** • **APPENDIX C – HRA CAPITAL SCHEMES** **4) 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 TO THE RELEVANT STRATEGIC DIRECTOR IN CONSULTATION WITH THE PORTFOLIO HOLDER, SUBJECT TO FINAL APPROVAL OF THE CAPITAL PROGRAMMES IN FEBRUARY 2021.**

1.0 INTRODUCTION

1.1 Cabinet considered the draft capital programmes on 8 December 2020. This was followed up by a report to the Corporate Scrutiny Committee on 6 January 2021. A link to the draft minutes has been included as a background paper.

1.2 By regulation, all local authorities are required to have regard to the Prudential Code when setting their Capital Programmes. The core objectives of the Code are to ensure that Capital schemes are ‘Affordable, Prudent and Sustainable’. This is reviewed in conjunction with 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 at the same meeting as this report.

1.3 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 2021/22.

1.4 Appendix B shows the General Fund Programme estimated outturn for 2020/21 and the proposed Capital Programme for 2021/22 to 2025/26.

1.5 There is no Special Expense capital expenditure estimated for 2020/21 and no proposed capital programme.

1.6 Appendix C shows the HRA Capital Programme estimated outturn for 2020/21 and the proposed Capital Programme for 2021/22 to 2025/26.

2.0 CAPITAL STRATEGY

2.1 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.

2.2 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.

2.3 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.

2.4 The strategy provides governance arrangements for capital including monitoring of schemes, budget profiling, deliverability and value for money and is updated annually as part of the budget setting process.

2.5 The Corporate Scrutiny Committee considered the draft Capital Strategy on 6 January 2021. Members should note that the strategy is aligned to the Capital Programmes 2021/22-2025/26 and has been revised in line with changes to the capital programmes since being presented to Corporate Scrutiny Committee as detailed in sections 5 and 6.

2.6 A copy of the Capital Strategy is attached as Appendix A.

3.0 GENERAL FUND – ESTIMATED OUTTURN 2020/21

3.1 The projected outturn for 2020/21 on General Fund schemes total £10.67 million. This is a decrease in the year of £2.25 million against the original budget of £12.92 million.

3.2 This managed decrease is caused by the following:

	£	£
Original Budget 2020/21		**12,920,310**
Approved Schemes carried forward from 2019/20 and 2020/21 approved virements/funding		
Finance System Review	100,000	
Server and Additional Capacity	14,560	
WAN and DC Renewal (vired to Laptop Replacement Scheme)	(60,000)	
Laptop Replacement	60,000	
Video Conferencing (approved under emergency funding)	31,700	
Telephony Unified Communications	135,092	
Disabled Facilities Grant	45,264	
Vans – Medium	180,000	
Vans – Box Lorry	20,000	

Sweeper (Capital Receipt)	7,820	
Mowing (Grant & S106 Contribution)	35,075	
Electrical Vehicle Charging Point (Grant)	45,000	
GM Depot Coalville Park – Concreting	2,367	
District Car Park LED Lighting Replacement	25,000	
Leisure Project – Hood Park Leisure Centre, Ashby	121,420	
Leisure Project – Coalville and Whitwick Leisure Centre	7,251,402	
Linden Way Depot – Welfare Facilities	147,084	
Moira Furnace – Masonry, Drainage, Upgrades, Bridge works	280,000	
Council Offices – Fire Alarm and COTAG Door System	13,798	
Council Offices – Replace obsolete parts to Consumer Unit	75,000	
Council Offices – Replacement LED Lighting	35,000	
Council Offices – Roof Insulation	30,000	
Council Offices – External Works to Roadway	5,000	
UPS Generator (vired to Fire Alarm and COTAG Door System)	(11,316)	
Marlborough Square	1,765,868	
New Market Provision (includes new funding of £240,000)	555,662	
Salt Bay	20,000	
Appleby Magna Caravan Site – Redevelopment	130,584	
		11,061,380
Less planned slippage in 2020/21 carried forward to 2021/22		
User Screen Bulk Replacement	(18,000)	
Refuse Vehicle & Kerbsider	(660,000)	
Market Vehicles/Cars	(30,000)	
Vans – Medium	(420,000)	
Vans – Box Lorry	(20,000)	
Electrical Vehicle Charging Point	(58,879)	
Leisure Project – Coalville and Whitwick Leisure Centre	(8,685,050)	
Moira Furnace - Masonry, Drainage, Upgrades, Bridge works	(280,000)	
Council Offices – Replace obsolete parts to Consumer Unit	(75,000)	
Council Offices – Replacement LED Lighting	(35,000)	
Council Offices – Roof Insulation	(30,000)	
Council Offices – install solar panels	(40,000)	
Council Offices – Main Building – Window Installation	(250,000)	
Council Offices – External Works to Roadway	(5,000)	
Whitwick Business Centre – install solar panels	(40,000)	
Car Park – High Street, Ibstock – remove and renew gullies	(35,000)	
Market Hall – Demolish and Make Good	(75,000)	
The Courtyard – renew rainwater goods	(25,000)	
New Garage Roof at Coalville Park	(50,000)	
The Courtyard – renew rainwater goods/door	(25,000)	
Whitwick Business Centre – Upgrade CCTV	(10,000)	
Market Street Car Park – Resurfacing	(12,000)	
Ashby Town Hall Mews – installing bollard, resurfacing & relining	(15,000)	
Marlborough Square	(1,628,482)	
Appleby Magna Caravan Site	(610,000)	
		(13,132,411)
Forecast under spends in 2020/21 that will not be carried forward		
Server & Storage – additional storage	(332)	

Laptop Replacement	(1,261)	
UPS/Generator Related	(48,684)	
Appleby Magna Caravan Site – Redevelopment	(127,785)	
		(178,062)
Indicative Outturn 2020/21		**10,671,217**

3.3 The revised financing of the General Fund expenditure totalling £10.67 million for 2020/21 is broken down in the table below:-

	£
Grants and S106 Contributions	80,075
Disabled Facilities Grant	715,574
Capital Receipts	7,820
Other Reserves	797,368
Revenue Contributions to Capital	87,821
Unsupported Borrowing – Internal	8,982,559
Total	**10,671,217**

3.4 The 'Planned Slippage in 2020/21 carried forward to 2021/22' shown in paragraph 3.2 above, represents expenditure which was originally expected and budgeted for in 2020/21 but slipped into 2021/22. The budgeted financing has been carried forward.

4.0 HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME – ESTIMATED OUTTURN 2020/21

4.1 The projected outturn for the Housing Revenue Accounts is £7.5 million against a budget of £10.1 million, a decrease of £2.6 million. More detail is provided in the table below.

	£	**£**
Original Budget 2020/21		**10,163,751**
Approved Schemes carried forward from 2019/20		
New Supply: General Acquisition of property and land	1,556,000	
Estate Improvements: Mobility Scooter Stores	109,000	
Estate Improvements: Off Street Parking	378,000	
Compliance: Fire Risk Assessment Remedial Works	400,000	
Supported Housing Improvements: Speech Module	100,000	
Supported Housing Improvements: Sheltered Housing Improvements	200,000	
Total (increase to 2020/21 budget)		**2,743,000**
Less forecast slippage in 2020/21 carried forward into future years		
Home Improvement Programme	(2,399,611)	
Estate Improvement: Place-shaping pilot	(250,000)	

Estate Improvement: Mobility scooter stores	(109,000)	
Fire Risk Assessment Remedial Works	(490,000)	
Supported Housing Improvements: Speech Module	(230,000)	
Estate Improvement Programme: Off-street parking	(344,000)	
		(3,822,611)
Forecast over or (under) spends in 2020/21 that will not be carried forward		
New Supply Programme	(1,189,730)	
Estate Improvement Programme	(188,000)	
Major Aids & Adaptations	(75,000)	
Supported Housing Improvements	(270,000)	
Active Asset Management	(160,000)	
New Housing System	319,000	
Capital Salaries	(6,000)	
		(1,569,730)
Indicative HRA Capital Outturn 2020/21		**7,514,410**

4.2 The revised funding for the HRA Capital programme for 2020/21 is detailed in the table below. Where budgets are slipping into next year, the funding is also going with them.

	£
Use of Major Repairs Reserve	1,470,000
Right to Buy ‘One for One’ receipts	1,108,323
Other right to buy receipts	1,068,148
Section 106 Affordable Housing commuted sums	57,000
Revenue Contribution to Capital Outlay (RCCO)	934,000
Other usable capital balances	2,876,939
Total Resources used in 2020/21	**7,514,410**
Retained for future years	9,482,963

5.0 GENERAL FUND CAPITAL PROGRAMME 2021/22-2025/26

5.1 The General Fund capital programme for 2021/22 to 2025/26 is detailed in Appendix B. Schemes shown as slippage from 2020/21 and carried forward to 2021/22 are detailed in the table in paragraph 3.2 above.

5.2 There have been two adjustments to the 2021/22 Capital Programme since the previous report to Cabinet on 8 December 2020 and Corporate Scrutiny on the 6 January 2021. These changes have been incorporated to present the most current position and are detailed below:

a) Included within the draft budget for 2021/22 was £1.2 million for Marlborough Square and £180,000 (and £1.8 million in total) for FHSF Public Realm. Since the announcement of the unsuccessful Future High Street Bids, the two schemes have been merged into one scheme and renamed as ‘Coalville Regeneration’.

Whilst our bid to MHCLG for Future High Streets Fund investment into the regeneration of Coalville has been unsuccessful, we believe it remains of critical importance to seek to deliver projects outlined within the bid.

There has been insufficient time since hearing the outcome of our FHSF bid to work with all of our various partners to develop alternative delivery (funding) mechanisms for all the Coalville projects, but initial conversations lead us to be confident that some of the schemes may be able to proceed without council financial involvement.

Other projects included in the FHSF bid may require council investment in order to be delivered. The extent of funding required is not anticipated to exceed that identified in previous reports, and therefore the values and profile of that funding has not changes since the draft programme.

Specific allocation of capital funding to any of these projects will be subject to the prior presentation to Scrutiny and Cabinet with any changes beyond approved financial plans being referred to full Council in line with the council's own financial procedure rules.

b) The forecast capital receipt in relation to the sale of Cropston Drive has increased from £2 million to £4.1 million following advice from the council's advisors. The capital receipt will be used towards the capital cost of building the new leisure centre.

6.0 HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME – 2021/22-2025/26

6.1 The HRA Capital programme (Appendix C) covers in detail the capital schemes for the period 2021/22 to 2025/26 and how they are funded. The total expected spend over 5 years is £61.3 million, with a £12.1 million budget for 2021/22. In addition, there is an estimated £3.8 million of the 2020/21 HRA capital programme to be carried forward into future years.

6.2 There have been 2 adjustments to the Capital Programme since the previous report to Cabinet on 8 December 2020 and Corporate Scrutiny on the 6 January 2021. These changes have been incorporated to present the most current position and are detailed below:

a) The New Housing IT System, which was due to be completed in the current financial year, has been delayed. A new budget of £180,000 has been introduced for 2021/22 to enable this project to be completed.

b) Following the announcement of the current lockdown period, home improvement work within tenants' homes has been paused unless it is required for safety or welfare purposes. This means the forecast budget to be carried forward has increased from £1.9 million to £2.4 million.

c) Expenditure on capitalised salaries has been reviewed and increased to £677,000 per year from £646,000.

d) The off-street parking budget has been revised to incorporate the forecast £344,000 underspend from the current year, following comments from members of the Corporate Scrutiny Committee. This has resulted in the programme being extended by a year.

7.0 CAPITAL RESOURCES

General Fund

7.1 Appendix B provides details on how the five year **General Fund capital programme** will be funded. The General Fund Capital Programme (2021/22) will be funded by:

	£
Disabled Facilities Grant	670,310
Capital Receipts	4,380,300
Reserves	1,628,482
Revenue	58,879
Unsupported Borrowing	13,427,945
Total (including forecast carry forward from 20/21)	**20,165,916**

7.3 Funding is in place in 2021/22 for the Disabled Facilities Grants Scheme £670,310.

7.4 A capital receipt of £4.4 million has been identified for the Leisure Centre Project.

7.4 A contribution from reserves of £1.6 million for the Marlborough Square Project.

7.5 A revenue contribution of £59,000 for the electrical vehicle charging points.

7.6 The remaining schemes for 2021/22 (£13.4 million) can be funded by either unsupported borrowing or leasing depending on value for money and for which provision has been made in the 2021/22 Revenue Budget. Currently the council's default position is to fund through unsupported borrowing unless there are financial benefits to the council to lease.

Housing Revenue Account

7.7 Appendix C provides detail on how the five year **Housing Revenue Account capital programme** will be funded. In 2021/22, the funding streams are:

	£
Use of Major Repairs Reserve	5,538,801
Right to Buy 'One for One' receipts	1,115,921
Other right to buy receipts	1,207,609
Proceeds from asset disposals	1,072,750
Section 106 Affordable Housing commuted sums	270,875
Revenue Contribution to Capital Outlay (RCCO)	2,932,467
Other usable capital balances	3,420,693
Total Resources used in 2021/22	**15,559,116**
Retained for future years	3,846,750

7.8 The amount retained for future years comprises £2.9 million right to buy one for one receipts, which can only be used to acquire or build new housing stock. The remaining £1.0m is unrestricted funding to fund future capital programmes.

7.9 Included in this year's Housing Revenue Account draft budget is a revenue contribution to capital of £3.65 million. This contribution is required to ensure there are resourced to fund the HRA capital programme both this year and to smooth out future capital funding requirements. This level of RCCO is in line with predictions within the Medium Term Financial Plan reported to Cabinet and Council in February 2020.

8.0 PROCUREMENT ROUTES

8.1 Where the authority is required to enter into a contract which has a value of more than £250,000 in total, more than £100,000 in any one contract year or more than five years long, Cabinet authority is required 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.

8.2 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.

8.3 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.

8.4 Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the relevant Strategic Director in consultation with the Portfolio Holder.

8.5 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.

9.0 CONSULTATION

Corporate Scrutiny

9.1 The Corporate Scrutiny Committee met on 6 January 2021 to review all the proposed budgets for 2021/22. A link to the draft minutes has been included as a background paper on page one of this report.

9.2 As noted in paragraph 6.2, members of the Committee informed officers of errors within the HRA capital programme relating to the off-street parking provision, which have been corrected in this report. The off-street parking budgets have been reviewed and rebased as a result.

Housing Tenants

9.3 We have also consulted on the HRA Capital Programme with two groups of involved tenants – the tenant scrutiny panel and the tenant and leaseholder consultation forum. No comments were made on the capital programme by these groups.

9.4 We also included an article in the quarterly newsletter sent to tenants, informing them of high level HRA capital plans and inviting them to complete an online survey about our budget proposals. Two responses were received for the housing revenue account capital programme. One tenant was supportive of the overall programme and the other was neutral. Comments on elements of the HRA capital programme include:

- One tenant was supportive of the New Supply programme, whilst the other was neutral. One commented that the rent on new houses is not affordable compared to the rent on their existing property.

- Both tenants were supportive of the home improvement programme and had specific requests, such as for improvements to energy efficiency and to add showers to bathrooms.
- One tenant was supportive, whilst another was neutral, on the Zero Carbon Programme.
- Both tenants were supportive of our routine capital expenditure, such as the estate improvement programme. The one comment received was a suggestion that Thomas Road, Kegworth should be considered for the off-street parking programme.

Trade Unions

9.5 Trade Unions have been provided with a copy of the budget reports and given the opportunity to provide feedback. The statutory consultation period runs from the 21 December to the 7 February 2021. No comments have been received at the time of writing the report. Any responses received will be provided to Cabinet in a supplementary paper, verbal update at the meeting or via email after the Cabinet meeting.

Public Consultation

9.6 An online consultation commenced on the 21 December and will close on the 7 February 2021. The surveys asks respondents 'what feedback would you like to give us on the council's proposed budget for 2021/22'. At the time of writing this report, we have received nil responses for the general fund or HRA capital programme.

9.8 The consultation will remain open until the 7 February 2021, any responses received will be provided to Cabinet in a supplementary paper, verbal update at the meeting or via email after the Cabinet meeting.

Policies and other considerations, as appropriate	
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:	Residents will benefit from improved leisure facilities within the district and other improved assets. Council tenants will be impacted by Council home improvements.
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.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 6 January 2021 Statutory and online public consultation has run from 21 December 2020 and 6 January 2021.
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 Section 151 Officer tracy.bingham@nwleicestershire.gov.uk

This page is intentionally left blank

Appendix A

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) and associated plans.

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 (e.g. housing paths)
	Community Assets (e.g. country parks or historic buildings)
	Surplus Assets
	Assets Under Construction
Investment Assets	Investment Properties - i.e. 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 2021/22 – 2025/26 General Fund capital programme totals £32,045,281. The programme is funded by a combination of Government grants, capital receipts, revenue, reserves and internal and external borrowing.

2.6 The 5 year 2021/22 – 2025/26 Housing Revenue Account capital programme totals £64,776,981. 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 needed 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 21 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 two leisure centres, Ashby Leisure Centre 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) will open in September 2022.

2.9 The following material investments will be undertaken between the period of 2021 and 2026:

2.9.1 **New Leisure Centre** – The indicative value of the new facility is £23.6 million and will be funded through a mixture of internal and external borrowing and capital receipts arising on the disposal of Cropston Drive, one of the Council's remaining significant land holdings. Construction commenced on site from July 2020. The forecast expenditure for 2020/21 is £8.4 million and £1.9 million for 2021/22.

2.9.2 **Council Offices refurbishment –** The capital programme for the Council Offices has been rolled a further financial year. This is on the basis that the capital profile presented a minimum state of maintenance and repair for the Council Building. This work remains and is a minimal obligation should the main Council offices continue to be used. However this is profiled, noting a pending decision around the future of Council accommodation. COVID-19 has both delayed this work and also changed the decision making landscape. There have been significant, and lasting changes in working behaviours and occupation levels. Council Officers are now actively reviewing the impact of these changes on previous works, with a view to committing capital expenditure in 21/22.

2.9.3 **Coalville Regeneration –** We plan to spend £3 million on the regeneration of Coalville. Whilst our bid to MHCLG for Future High Streets Fund investment into the regeneration of Coalville has been unsuccessful, we believe it remains of critical importance to seek to deliver projects outlined within the bid. Allocation of the capital funding to specific projects will be subject to the prior presentation to Scrutiny and Cabinet with any changes beyond approved financial plans being referred to full Council in line with the council's own financial procedure rules.

2.9.4 **New Supply Programme** – We plan to spend £26.5 million 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 170 new homes.

2.9.5 **Home Improvement Programme** – We plan to invest £24.9 million over five years to ensure our existing homes continue to meet the Government's Decent Home standard.

2.9.6 **Housing Zero Carbon Programme-** An initial £250,000 has been set aside to pilot works to reduce carbon emissions from our housing properties and to allow the council to match contributions required by external grants, such as the recently announced Green Homes Grant Scheme funding. This will be a significant area of investment growth over future years.

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 0.1%.

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.

How the General Fund Capital Programme is financed over 2021/22 to 2025/26:

	Government Grant	**Developer Contributions**	**Borrowing**	**Capital Receipts**	**Revenue or Reserves**	**Total**
2021/22	670,310	0	13,427,945	4,380,300	1,687,361	**20,165,916**
2022/23	670,310	0	5,205,125	0	0	**5,875,435**
2023/24	670,310	0	2,268,000	0	0	**2,938,310**
2024/25	670,310	0	1,633,000	0	0	**2,303,310**
2025/26	670,310	0	92,000	0	0	**762,310**
Total	**3,351,550**	**0**	**22,626,070**	**4,380,300**	**1,687,361**	**32,045,281**

3.2 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
2021/22	375,258	270,875	4,289,965	1,072,750	9,550,268	**15,559,116**
2022/23	192,000	4,500	2,750,233	400,000	10,303,007	**13,649,740**
2023/24	191,000	0	2,607,526	400,000	8,925,893	**12,124,419**
2024/25	191,000	0	2,641,641	400,000	8,664,029	**11,896,670**
2025/26	165,000	0	2,687,465	400,000	8,294,571	**11,547,036**
Total	**1,114,258**	**275,375**	**14,976,830**	**2,672,750**	**45,737,768**	**64,776,981**

3.3 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.

3.4 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.

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

4 GOVERNANCE AND MONITORING OF THE CAPITAL PROGRAMME

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

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

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

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

4.5 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's over-arching aims. These include:

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

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

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

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

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

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

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

This page is intentionally left blank

Appendix B

GENERAL FUND CAPITAL PROGRAMME 2020/21 TO 2025/26

PROJECT	2020/21							2021/22	2022/23	2023/24	2024/25	2025/26	Funding					
	Original Budget	In year funding, virements and 2019/20 carry forward	Carry Forward to 2021/22	Revised Budget	In Year Savings	Actual @ Period 9	Forecast Outturn to end of year		Indicative	Indicative	Indicative	Indicative	Grant & S106	DF Grants	Capital Receipts	Reserves / Other Reserves	Revenue	Leasing or Borrowing
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Finance System / Review	-	100,000	-	100,000	-	-	100,000	35,000	40,000	-	-	-	-	-	-	-	-	175,000
Server and storage additional capacity	-	14,560	-	14,560	-332	14,228	14,228	-	70,000	-	-	-	-	-	-	14,228	-	70,000
User Screen Bulk Replacement	18,000	-	-18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,000
WI-FI Replacement	-	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	25,000
Website Intranet and Internet	-	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000
LAN Switches replacement	-	-	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	-	50,000
WAN and DC Renewal	60,000	-60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Firewall Security Replacement	12,000	-	-	12,000	-	5,500	12,000	-	70,000	-	-	-	-	-	-	-	-	82,000
Laptop Replacements	25,000	60,000	-	85,000	-1,261	83,739	83,739	22,000	64,000	44,000	68,000	92,000	-	-	-	-	-	373,739
Video Conferencing	-	31,700	-	-	-	31,700	31,700	-	-	-	-	-	-	-	-	-	31,700	-
Telephony Unified Communication	-	135,092	-	135,092	-	135,092	135,092	-	-	-	140,000	-	-	-	-	5,092	-	270,000
Windows Server 2012 to 2019 Professional services migration	-	-	-	-	-	-	-	-	45,000	-	-	-	-	-	-	-	-	45,000
Disabled Facility Grants	670,310	45,264	-	715,574	-	625,314	715,574	670,310	670,310	670,310	670,310	670,310	-	4,067,124	-	-	-	-
Refuse Vehicles & Refuse Kerbsider	660,000	-	-660,000	-	-	-	-	240,000	360,000	360,000	180,000	-	-	-	24,300	-	-	1,775,700
Food Waste Vehicles	-	-	-	-	-	-	-	288,320	-	-	-	-	-	-	-	-	-	288,320
Market Vehicles/Cars	30,000	-	-30,000	-	-	-	-	75,000	-	30,000	-	-	-	-	-	-	-	135,000
Vans - Small	-	-	-	-	-	-	-	37,500	26,000	30,000	-	-	-	-	-	-	-	93,500
Vans - Medium	240,000	180,000	-420,000	-	-	-	-	198,000	50,000	60,000	180,000	-	-	-	-	-	-	908,000
Vans - Pickup	-	-	-	-	-	-	-	90,000	90,000	25,000	81,000	-	-	-	-	-	-	286,000
Vans - Box Lorry	-	20,000	-20,000	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	70,000
Sweeper	130,000	7,820	-	137,820	-	137,820	137,820	180,000	-	-	-	-	-	-	7,820	-	-	310,000
Digger/Misc Plant	-	-	-	-	-	-	-	172,000	-	-	-	-	-	-	-	-	-	172,000
Mowing	10,000	35,075	-	45,075		35,075	45,075	82,500	-	-	70,000	-	35,075	-	-	-	-	162,500
Electrical vehicle charging point installations	115,000	45,000	-58,879	101,121	-	101,121	101,121	-	-	-	-	-	45,000	-	-	-	115,000	-
Driver ID Fobs and Tachograph download	15,000	-	-	15,000	-	3,965	15,000	-	-	-	-	-	-	-	-	-	-	15,000
Phase 2 Recycling Trolley's	10,000	-	-	10,000	-	-	10,000	-	-	-	-	-	-	-	-	-	-	10,000
GM Depot Coalville Park - Concreting Grounds	-	2,367	-	2,367	-	2,367	2,367	-	-	-	-	-	-	-	-	-	-	2,367
District Car Parks - LED Lighting Replacement	-	25,000	-	25,000	-	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000
Leisure Project - Hood Park Leisure Centre Ashby	-	121,420	-	121,420	-	-	121,420	-	-	-	-	-	-	-	-	30,000	-	91,420
Leisure Project - New Leisure Centre Coalville	9,678,000	7,251,402	-8,685,050	8,244,352	-	3,797,219	8,244,352	1,893,875	3,004,125	-	-	-	-	-	4,356,000	-	-	17,471,402
Memorial Clock Tower	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	30,000
Linden Way Depot - Welfare Facilities	-	147,084	-	147,084	-	104,127	147,084	-	-	-	-	-	-	-	-	55,000	-	92,084
Moira Furnace - Masonry & Drainage/Upgrades to Furnace and Bridge & further remedial works	-	280,000	-280,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	280,000
Council Office - Replacement fire alarm & Cotag system	-	13,798	-	13,798	-	13,798	13,798	-	-	-	-	-	-	-	-	-	-	13,798
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000
Council Offices - Main Building - Replacement windows generally	250,000	-	-250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000
Council Offices - (Stenson House) External works to roadway outside registry office	-	5,000	-5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Council Offices Refurbishment/Boiler heating/Lighting	-	-	-	-	-	-	-	1,576,000	591,000	709,000	864,000	-	-	-	-	-	-	3,740,000
Whitwick Business Centre - Installation of Solar Power	40,000	-	-40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000
Car Park - High Street, Ibstock - Remove and Renew Gullies	35,000	-	-35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,000
Cropston Drive - External and Internal Renovation of Changing Rooms	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
UPS/Generator related (reconfiguring electric distribution)	60,000	-11,316	-	48,684	-48,684	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000
Market Hall -Demolish and make good	75,000	-	-75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Coalville - Cemetery - provision of a inclusive toilet	25,000	-	-25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
New Garage Roof at Coalville Park	50,000	-	-50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
The Courtyard - renew rainwater goods/door	25,000	-	-25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Whitwick Business Centre - Upgrade CCTV	10,000	-	-10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Market Street Car Park - Resurfacing	12,000	-	-12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000
Ashby Town Hall Mews - installing bollard, resurfacing & relining	15,000	-	-15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Marlborough Square	-	1,765,868	-1,628,482	137,386	-	117,727	137,386	-	-	-	-	-	-	-	-	1,765,868	-	-
New Market Provision	-	555,662	-	555,662	-	356,182	555,662	-	-	-	-	-	-	-	-	555,662	-	-
Salt Bay Cover -	-	20,000	-	20,000	-	11,440	20,000	-	-	-	-	-	-	-	-	-	-	20,000
Breedon on the Hill Gate	-	-	-	-	-	-	-	50,000	-	-	-	-	-	-	-	-	-	50,000

PROJECT	2020/21							2021/22	2022/23	2023/24	2024/25	2025/26	Funding					
	Original Budget	In year funding, virements and 2019/20 carry forward	Carry Forward to 2021/22	Revised Budget	In Year Savings	Actual @ Period 9	Forecast Outturn to end of year		Indicative	Indicative	Indicative	Indicative	Grant & S106	DF Grants	Capital Receipts	Reserves / Other Reserves	Revenue	Leasing or Borrowing
Appleby Magna Caravan Site - redevelopment	610,000	130,584	- 610,000	130,584	- 127,785	2,800	2,800	-	-	-	-	-	-	-	-	-	-	612,800
Coalville Regeneration*	-	-	-	-	-	-	-	1,373,000	720,000	900,000	-	-	-	-	-	-	-	2,993,000
TOTAL GENERAL FUND	**12,920,310**	**11,061,380**	**- 13,132,411**	**10,817,579**	**- 178,062**	**5,579,213**	**10,671,217**	**7,033,505**	**5,875,435**	**2,938,310**	**2,303,310**	**762,310**	**80,075**	**4,067,124**	**4,388,120**	**2,425,850**	**146,700**	**31,608,630**
							cfwd	**13,132,411**										
							Total	**20,165,916**	**5,875,435**	**2,938,310**	**2,303,310**	**762,310**						

*The profile of this funding is subject to change following agreement of an investment business case(s) with members. If this is the case this will be made clear within the relevant business case(s) and a new decision presented to Council to amend the capital programme

Housing Revenue Account Capital Programme 2021-22 to 2025-26

Appendix C

	Current Year Expenditure			Five Year Capital Programme Expenditure						Restricted Funding					
	2020/21 budget	2020/21 Forecast	Forecast carry forward to 2021/22	2021/22	2022/23 Indicative	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative	5 Year Total	Major Repairs Reserve	Right to Buy 1-for-1 Receipts	S106 Commuted Sums	Asset Disposals	Unrestricted funding	5 Year Funding Total
2019 - 2024 Home Improvement Programme:															
Home Improvement Programme	3,869,611	1,470,000	2,399,611	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000	15,893,274	-	-	-	6,606,726	22,500,000
2019 - 2024 Home Improvement Programme Total	**3,869,611**	**1,470,000**	**2,399,611**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**22,500,000**	**15,893,274**	**-**	**-**	**-**	**6,606,726**	**22,500,000**
New Supply:															
Phase 2 - Police Station	27,168	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 3 - Cropston Drive	202,166	354,000	-	16,336	-	-	-	-	16,336	-	4,901	-	11,435	-	16,336
Phase 4 - Various sites	2,117,056	212,000	-	2,531,983	693,778	32,400	-	-	3,258,161	-	702,073	275,375	1,483,995	796,717	3,258,161
Phase 5 - Various sites	1,464,750	195,000	-	1,773,083	20,250	-	-	-	1,793,333	-	538,000	-	-	1,255,333	1,793,333
Phase 6 - Various sites	-	-	-	-	4,661,860	64,450	-	-	4,726,310	-	1,417,893	-	45,115	3,263,302	4,726,310
Phase 7 - TBC	-	-	-	-	-	4,801,716	66,383	-	4,868,099	-	1,460,430	-	378,673	3,028,996	4,868,099
Phase 8 - TBC	-	-	-	-	-	-	4,945,767	68,375	5,014,142	-	1,504,242	-	401,394	3,108,505	5,014,142
Phase 9 - TBC	-	-	-	-	-	-	-	5,094,140	5,094,140	-	1,528,242	-	352,138	3,213,760	5,094,140
Acquisition of sites	1,556,000	3,359,410	-	760,250	1,000,000	-	-	-	1,760,250	-	90,375	-	-	1,669,875	1,760,250
New Supply Total	**5,367,140**	**4,177,410**	**-**	**5,081,653**	**6,375,888**	**4,898,565**	**5,012,150**	**5,162,515**	**26,530,771**	**-**	**7,246,156**	**275,375**	**2,672,751**	**16,336,488**	**26,530,771**
Estate Improvements:															-
Mobility Scooter Stores	109,000	-	109,000	-	-	-	-	-	-	-	-	-	-	-	-
Off Street Parking	628,000	284,000	344,000*	281,333	281,333	281,333	-	-	844,000	-	-	-	-	844,000	844,000
Footpaths & Unadopted Roads	100,000	-	-	50,000	100,000	100,000	100,000	100,000	450,000	-	-	-	-	450,000	450,000
Garage Demolition & Replacement	60,000	60,000	-	60,000	60,000	60,000	-	-	180,000	-	-	-	-	180,000	180,000
Place-shaping pilot	250,000	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-
Estates Projects - Other	110,000	22,000	-	200,000	370,000	370,000	370,000	370,000	1,680,000	-	-	-	-	1,680,000	1,680,000
Estate Improvements Total	**1,257,000**	**366,000**	**359,000**	**591,333**	**811,333**	**811,333**	**470,000**	**470,000**	**3,154,000**	**-**	**-**	**-**	**-**	**3,154,000**	**3,154,000**
Compliance:															-
Fire Risk Assessment Remedial Works	525,000	35,000	490,000	100,000	87,000	87,000	87,000	87,000	448,000	-	-	-	-	448,000	448,000
Compliance Total	**525,000**	**35,000**	**490,000**	**100,000**	**87,000**	**87,000**	**87,000**	**87,000**	**448,000**	**-**	**-**	**-**	**-**	**448,000**	**448,000**
Major Aids & Adaptations	**300,000**	**225,000**	**-**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**1,500,000**	**-**	**-**	**-**	**-**	**1,500,000**	**1,500,000**
Zero Carbon Programme	**-**	**-**	**-**	**250,000**	**-**	**-**	**-**	**-**	**250,000**	-	-	-	-	**250,000**	**250,000**
Supported Housing Improvements:															-
Speech Module	250,000	-	230,000	-	-	-	-	-	-	-	-	-	-	-	-
Sheltered Housing Improvements	250,000	-	-	50,000	500,000	500,000	500,000	-	1,550,000	-	-	-	-	1,550,000	1,550,000
Supported Housing Improvements Total	**500,000**	**-**	**230,000**	**50,000**	**500,000**	**500,000**	**500,000**	**-**	**1,550,000**	**-**	**-**	**-**	**-**	**1,550,000**	**1,550,000**
Active Asset Management:															-
Property Demolition	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Works - Voids	350,000	290,000	-	350,000	398,000	350,000	350,000	350,000	1,798,000	-	-	-	-	1,798,000	1,798,000
Active Asset Management Total	**450,000**	**290,000**	**-**	**350,000**	**398,000**	**350,000**	**350,000**	**350,000**	**1,798,000**	**-**	**-**	**-**	**-**	**1,798,000**	**1,798,000**
Other Capital Spend:															-
New Housing Systems	24,000	343,000	-	180,000	-	-	-	-	180,000	-	-	-	-	180,000	180,000
Other Capital Spend Total	**24,000**	**343,000**	**-**	**180,000**	**-**	**-**	**-**		**180,000**	**-**	**-**	**-**	**-**	**180,000**	**180,000**
Capital Salaries	**614,000**	**608,000**	**-**	**677,520**	**677,520**	**677,520**	**677,520**	**677,520**	**3,387,600**	**-**	**-**	**-**	**-**	**3,387,600**	**3,387,600**
Total Programme Costs	**12,906,751**	**7,514,410**	**3,478,611**	**12,080,506**	**13,649,741**	**12,124,419**	**11,896,670**	**11,547,035**	**61,298,371**	**15,893,274**	**7,246,156**	**275,375**	**2,672,751**	**35,210,814**	**61,298,370**

* Please note that the £344,000 forecast carry forward for the off street parking budget has already been incorporated into the five year capital programme. Please see paragraph 6.2 for more information.

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**REVIEW OF MEDIUM TERM FINANCIAL PLAN**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Review of Medium Term Financial Plan – Cabinet, 29 September 2020 Medium Term Financial Strategy – Cabinet, 6 February 2018	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The changes to assumptions that drive the Medium Term Financial Plans have resulted in changes to the forecast position over the forthcoming five year period to 2025/26 and are detailed in this report. On the General Fund the revised projected deficit arising between 2021/22 and 2025/26 remains stable compared to the previous fice year plan, moving marginally from £5.3m to £5.2m. The Journey to Self-Sufficiency reserve is forecast to stand at £6.3m by March 2021, and will provide a healthy balance to be able to fund initiatives to reduce our ongoing spending, increase income and where necessary balance the budget. The HRA revised position could see the surplus reduce from £1.1m over the five-year period to a deficit of £1.9m. This is caused by the HRA funding the capital programme, and can be funded from HRA reserves. The Section 151 Officer considers the Council to be in a stable financial position over the forthcoming five year period as a result of historical surpluses achieved and retained in the General Fund Self-Sufficiency reserve and the HRA balances.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing and corporate implications. However, it is likely that the Council will need to consider organisational changes required to mitigate the financial impact of the COVID-19 pandemic and other funding changes to ensure that critical services continue to be unaffected.	

	Signed off by the Head of Paid Service: Yes
Purpose of Report	To present Members with the revised Medium Term Financial Plans which are aligned to the proposed final General Fund and Housing Revenue Account budgets for 2021/22 and beyond and provide an update in respect of the Journey to Self Sufficiency Programme.
Reason for Decision	For members to have an understanding of the council's medium term financial outlook.
Recommendations	**THAT CABINET NOTE THE COUNCILS REVISED MEDIUM TERM FINANCIAL PLANS**

1.0 BACKGROUND

1.1 The Council's Medium Term Financial Plans (MTFPs) flow from the 2018 Medium Term Financial Strategy (MTFS), which was approved by Cabinet in February 2018. 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 Cabinet were last presented with the plans at its meeting on 18 September 2020, which were then aligned with current circumstances and predictions around funding, income and expenditure from 2021.

1.3 This report now presents revised plans following the development of budgets and is aligned with the final General Fund and Housing Revenue Account (HRA) revenue budgets and capital programmes for 2021/22 – 2025/26.

2.0 Summary of Revised MTFPs

2.1 The Section 151 Officer considers the Council to be in a stable financial position over the forthcoming five year period as a result of historical surpluses achieved and retained in the General Fund self-sufficiency reserve and the HRA balances.

2.2 On the General Fund, future retained Business Rates continues to be at risk due to the impending national funding changes. The risk around the future of New Homes Bonus funding also remains and the government have confirmed they will consult on reform of the scheme in the near future. The effect of the pandemic is still emerging, but the review has taken into account the effect through its impact on 2020/21 forecast outturn and the assumed position for 2021/22 as well as projections beyond. The revised projected deficit remains stable, moving marginally from £5.3m to £5.2m over the forthcoming five year period. The Journey to Self-Sufficiency reserve stands at £6.3m which provides a healthy balance to be able to fund initiatives to reduce our ongoing spending, increase income and where necessary balance the budget.

2.3 On the HRA, the five year outlook has moved from a forecast surplus of £1.1m to a deficit of £1.9m due to funding changes on the capital programme. The deficit can be funded entirely from reserves.

3.0 Journey to Self-Sufficiency Programme

3.1 The Journey to Self-Sufficiency Programme has continued to deliver outcomes linked to the Council becoming self-sufficient, particularly around the continued development of the Council's commercial mind set and business-like approach to decision making.

3.2 However, it is now clear that the landscape in which the Journey to Self-Sufficiency Programme was formed has now changed. National trends around commercial estate management, property investment and noting recent changes to lending criteria from the Public Works and Loans Board restricting borrowing for yield earning purposes, mean that a greater emphasis is now required upon internal transformation, efficiency and the delivery of value for money services.

3.3 Equally the pandemic has focused Council resources away from the programme, onto supporting the national response. This has resulted in the rolling forward and re-profiling of the programme to subsequent financial years. The programme remains balanced over the general fund and HRA, with the savings requirement profile rebased as per below.

Table 1, Journey to Self-Sufficiency Programme Savings Delivery Profile

	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	570	895	1,120	1,245	1,270	**5,100**
HRA	225	325	575	625	900	**2,650**
Total	**795**	**1,220**	**1,695**	**1,870**	**2,170**	**7,750**

3.4 The programme will be relaunched internally, in early 2021, with a view to the first savings being realised in the subsequent financial year. This will be sponsored by the Corporate Leadership team, with respective Head of Service, owning their respective profile.

3.5 Despite the pandemic impacts, the baseline objective of savings is £7.75m over the next 5 financial years. The programme will be supported by the mobilisation of programme resources and will draw in external voices to provide challenge, opportunity and insight. The work will be funded from the self-sufficiency reserve, formed in 2018 and is projected to be 6.3m by March 2021.

3.6 Expenditure associated with the project (utilising £100k reserve established in September 2020) and the progress of resultant programme savings will be delivered through the quarterly performance reports to Scrutiny and Cabinet.

4.0 GENERAL FUND MEDIUM TERM FINANCIAL PLAN

Medium Term Financial Plan - Projections as at February 2020

4.1 The projected deficit as last reported to members in September 2020 was £5.3m, arising between 2020/21 – 2024/25, as per the table below.

Table 2, Medium Term Financial Plan Projections as at September 2020

	2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**TOTAL £'000**
Surplus/(Deficit)	-1,034	-1,641	-2,590	-2,038	-2,598	-9,772
Journey to Self-Sufficiency Savings	56	895	1,120	1,245	1,270	4,586
Surplus/(Deficit)	**-978**	**-746**	**-1,470**	**-793**	**-1,328**	**-5,315**

Review of assumptions and changes made

4.2 The review of the plan has first focussed on the rebasing of the plan so that the 5-year projections are aligned with the of proposed budget for 2021/22 and byeond, including the funding for next year confirmed as part of the provisional Local Government Finance Settlement (LGFS). The assumptions surrounding the impact of the pandemic on the Council's finances for future years initially included in the plan last September have also been refined. Key changes and areas of importance are outlined below:

4.2.1 Alignment with budget plans for 2021/22 and beyond. The plan has been rebased, with the final proposed budget being presented to Cabinet and Council on 2 and 23 February 2021 now representing the first year of the plan. This position includes a number of areas of additional funding announced as part of the provisional LGFS and detailed within the budget report, including: a new 'Lower Tier Service Grant'; additional COVID-19 emergency funding; an extension of the COVID-19 sales, fees and charges income compensation scheme into the first quarter of 2021; and compensation for 75% of council tax and business rates losses in 2020/21. Compared to the position presented to members in September, the final proposed budget is considerably more favourable and more detail is covered within the budget report.

4.2.2 Projections surrounding future spending continue to rely on generic inflationary increases in line with the indicative budget for 2022/23 – 2025/26. Given the scale of potential funding changes, future plans will need to be reviewed and the Journey to Self Sufficiency programme will lead this process.

4.2.3 Rebasing of the J2SS Programme and related savings. As part of the final

General Fund revenue budget, the original 5 year delivery profile of savings under the Journey to Self Sufficiency Programme have been "rebased", meaning the original savings profile of £5.1m planned from 2020/21 – 2024/25 has now been re-profiled based on the same values but from 2021/22 – 2025/26 instead.

4.2.4 **Business Rates - Resetting of the baseline to remove accumulated growth in the system.** The level of rates retained by the Council has increased dramatically in recent years as a result of the high business growth achieved in the District. This has naturally increased the Council's reliance on this revenue stream, putting us at greater risk should this funding fall.

4.2.5 The current business rates retention system is designed to have periodic resets to address accumulated growth. The reset is now considerably overdue, meaning NWL continues to benefit significantly from growth achieved in recent years that is in excess of the current baseline. As such, the resetting of the baseline and potential reference point for this rebasing represents a significant risk.

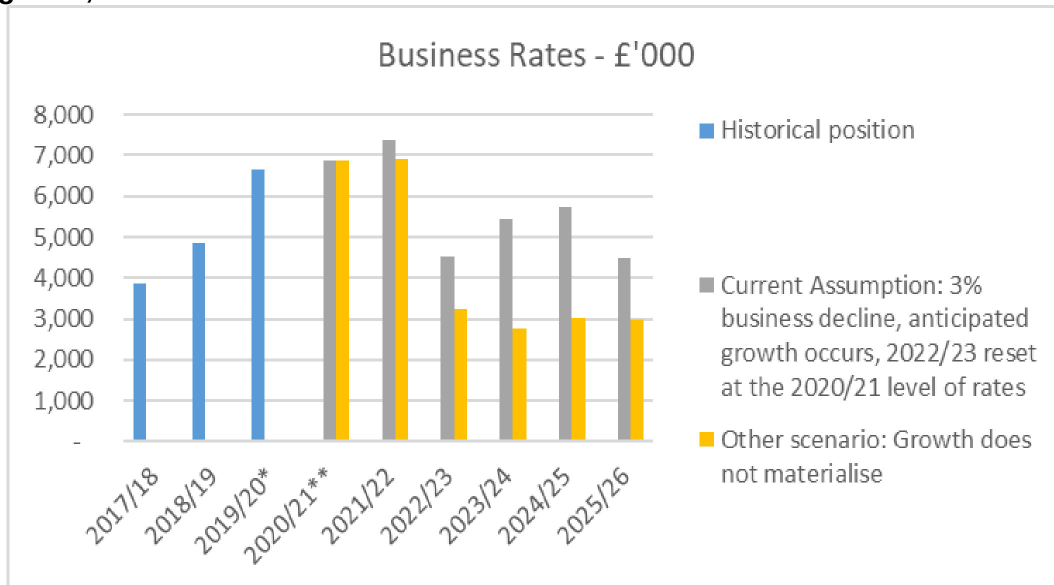
4.2.6 The assumption in the MTFP is that the baseline is reset in 2022/23, based on the level of level of rates achieved in 2020/21, however this date remains unconfirmed by government currently. When delivering his provisional LGFS statement to the Housing of Commons, the Secretary of State set out that work with the sector would commence on the broader reforms for local government finance (which include fair funding and the business rates reset), once a clearer path was understood. This indicates that there remains a chance that rates still may not be reset in April 2022.

4.2.7 The first subsequent reset to occur after the assumed 2022 reset is assumed for 2025/26 and then every 5 years thereafter. However there remains a great deal of uncertainty when making assumptions about future resets given the current state of understanding around the outstanding reset.

4.2.8 **Business Rates: The impact of the pandemic and future growth.** The assumption included in last version of the plan around economic downturn and business decline has not been changed and the opening position for rates in 2021/22 is based on an overall increase in rates of 1.7%, determined by reviewing business growth due to come online in the year coupled with a 3% decline in existing businesses. Growth of 5% is forecast in 2022/23 and 8% in 2023/24 to reflect known business development underway, including a significantly large assessment in the south of the district that received planning permission in 2019.

4.2.9 Figure 1 below illustrates the historical position in respect of Business Rates, the current assumptions around future rates, including the reset in 2022/23 and a further periodic reset in 2025/26 and a scenario to demonstrate the effect growth currently forecast in the plan not materialising.

Figure 1, Business Rates – Historical Position and Scenarios



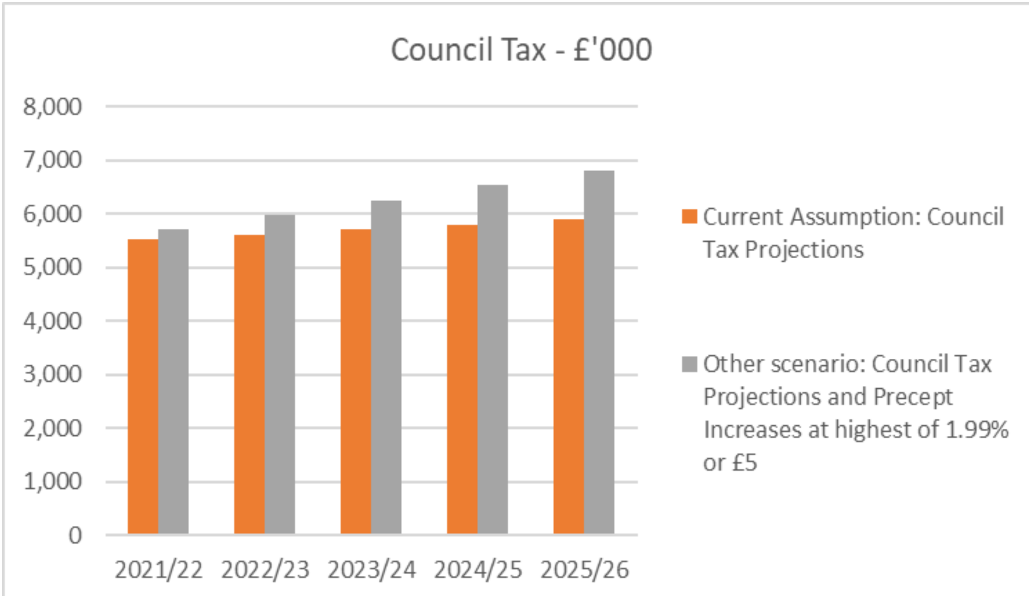
*The Council received circa £600k more in Business Rates in 2019/20 as a result of taking part in the Leicestershire 75% Business Rates Retention Pilot.
**The position for 2020/21 is based on the Quarter 3 forecast.

4.2.10 Council Tax Growth: The impact of the pandemic and future growth. Similar to business rates, the budgeted position in respect of council tax is aligned with the 2021/22 budget (and council tax base approved by Cabinet in January 2021). The budget also includes the impact of the pandemic to date.

4.2.11 The assumptions for the number of new homes added to the Council Tax base over the life of the 5 year plan has not changed and is assumed at 570 homes per year.

4.2.12 There is no change to the assumption regarding the Council's policy of freezing Council Tax. Figure 2 below illustrates the £2.7m of foregone income from 2021/22 to 2025/26 as a result of this policy, which is forecast to save residents £75.00 on average over the period.

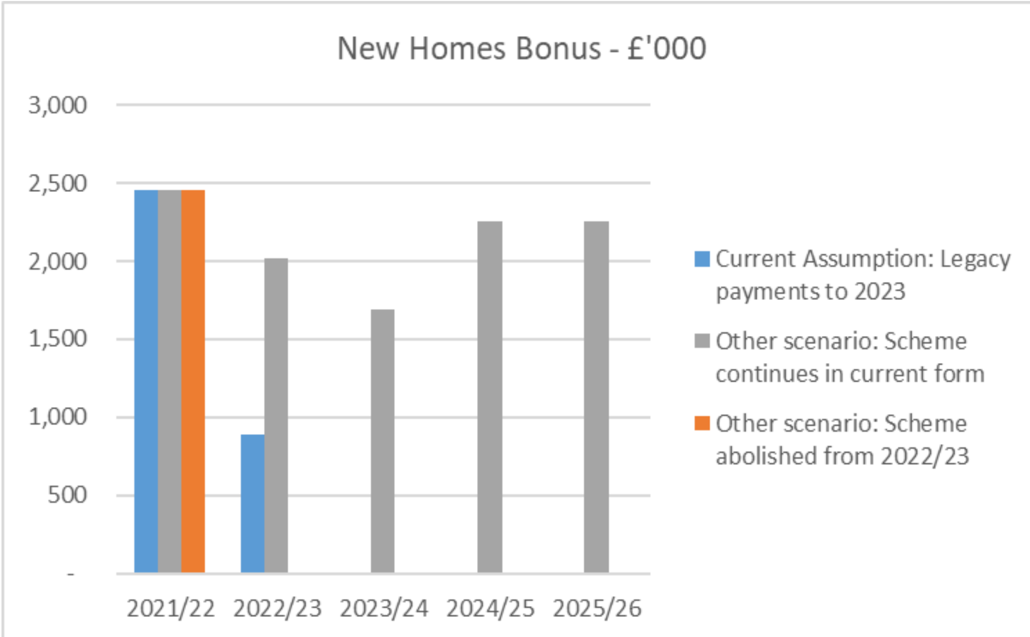
Figure 2, Council Tax – Effect of Assumption Changes on Future Years and Scenario on Council Tax Increases



4.2.13 **New Homes Bonus.** The last version of the plan assumed that only legacy payments would be received in 2021/22 and 2022/23. The provisional LGFS confirmed that in addition to this, a new round of bonus payments would be paid, which has delivered a further £560k worth of funding in 2021/22 for NWL.

4.2.14 As part of the settlement, government confirmed its intention to publish a consultation document on the future of the New Homes Bonus, including options for reform. Figure 3 below illustrates the level of funding that would be received if the scheme were to continue as it is or if it were to be abolished entirely from 2022.

Figure 3, New Homes Bonus Scenarios



4.2.15 Transitionary Funding. Transitionary funding is likely to occur when a Council suffers a loss of funding above a certain level as a result of the implementation of a new funding regime. The concept of the funding is to smooth the effect of funding changes and minimise any cliff-edges.

4.2.16 We currently remain unclear as to what basis Transitionary Funding might be calculated when Fair Funding and Business Rates Reform (or the baseline reset if at a different time) are implemented. We have previously included an assumption of compensation where funding reductions are in excess of -5%, based on advice from our funding advisors, Pixel, we also adjusted the workings to take account of 'notional' Council Tax as it is unlikely that the Council will be compensated for any loss that occurs as a result of its historic policy to freeze Council Tax.

4.2.17 Given the continued uncertainty around this unconfirmed funding stream and the increasing reliance on that assumed income, we have revised the estimate to assume compensation where funding reductions are in excess of -10%. This has the effect of reducing the level of assumed transitionary funding over the 5 year period, which is considered more prudent given the uncertainty.

<u>Medium Term Financial Plan – Revised Projections</u>

4.3 As always, there are a range of possible outcomes in respect of the Council's future funding and overall financial position. Based on the review of assumptions as set out above, the projected deficit arising between 2021/22 – 2025/26 could be £5.2m over the five year period and can be found in the table below.

4.4 It is important to highlight that this position assumes the Council will meet its budgeted 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.

Table 3, Medium Term Financial Plan Projections as at September 2020

	2021/22 (£)'000	2022/23 (£)'000	2023/24 (£)'000	2024/25 (£)'000	2025/26 (£)'000	**Total**
Surplus/(Deficit)	541	467	-1,483	-3,475	-6,366	**-10,316**
Journey to Self-Sufficiency Programme Savings	570	895	1,120	1,245	1,270	**5,100**
Surplus/(Deficit)	1,111	1,362	-363	-2,230	-5,096	**-5,216**

4.5 The forecast balance of the Self-Sufficiency reserve as at March 2021 is £6.3m. This reserve will be used to fund a combination of funding initiatives that will reduce the Council's ongoing revenue spending and increase income and funding any deficit years that materialise.

5.0 REVIEW OF HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN

HRA Medium Term Financial Plan – February 2021 Projections

5.1 The projected financial position, presented Cabinet in September 2020, showed that the HRA was able to fully fund its capital programme and meet loan commitments falling due over the five-year period from 2020/21 to 2024/25, with surpluses of £1.1m over 5 years. These surpluses were dependent on the savings from the Journey to Self Sufficiency Programme, and table 3 shows that there were some years where the surplus was negative – meaning the short fall would need to be met from the HRA's health reserves.

Table 3, HRA Medium Term Finance Plan – September 2020 Projections

HRA	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**TOTAL £'000**
Total Income	17,634	18,202	18,903	19,483	19,976	94,196
Total Expenditure	-10,960	-11,866	-12,133	-12,341	-12,541	-59,840
Contribution to the Capital Programme (RCCO)	-934	-4,005	-5,530	-4,923	-4,495	-19,888
Financing Expenditure	-3,339	-3,323	-3,054	-3,058	-3,058	-15,832
Surplus/(Deficit)	2,401	-993	-1,815	-839	-118	-1,364
J2SS Adjustments	0	325	575	625	900	2,425
Surplus/(Deficit)	**2,401**	**-668**	**-1,240**	**-214**	**782**	**1,061**

Review of Assumptions and changes made

5.2 The HRA Medium Term Financial Plan has been updated to reflect the following changes:

5.2.1 **2021-22 HRA Budget Changes.** The medium term financial plan has been updated to reflected the latest budget position as set out in the Housing Revenue

Account and Capital budget reports.

5.2.2 **Rebasing the Journey to Self-Sufficiency Programme.** As with the general fund, the expected savings from the Journey to Self Sufficiency Programme have been rebased, with savings expected from 2021-22.

HRA Medium Term Financial Plan – Revised Projections

5.3 Table 4 below sets out the current projected 5 year Medium Term Financial Plan for the HRA. It shows that there is a expected to be a deficit on the HRA of £1.9m in total over the period. This is a result of additional revenue contributions to the capital programme (RCCOs), which have increased by £6.2m as a result of the increases to the capital programme set out in the capital report.

Table 4, HRA Medium Term Finance Plan – February 2021 Projections

HRA	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**TOTAL £'000**
Total Income	18,460	18,949	19,575	20,068	20,444	**97,496**
Total Expenditure	-11,638	-11,851	-12,062	-12,256	-12,520	**-60,326**
Contribution to the Capital Programme (RCCO)	-3,650	-6,139	-5,740	-5,500	-5,070	**-26,100**
Financing Expenditure	-3,362	-3,067	-3,067	-3,067	-3,066	**-15,629**
Surplus/(Deficit) before J2SS savings	**-190**	**-2,108**	**-1,294**	**-755**	**-212**	**-4,559**
J2SS Savings	225	325	575	625	900	**2,650**
Surplus/(Deficit)	**35**	**-1,783**	**-719**	**-130**	**688**	**-1,909**

5.4 The deficits can be funded without additional borrowing by using the HRA's generous reserves, which are estimated to be £6.1m at the end of the current financial year, subject to confirmation of the outturn for 2020/21. This approach is in line with plans previously approved by Cabinet to utilise the HRA surpluses more flexibly.

5.5 The medium financial plan does not currently include an estimate for the medium term costs associated with reducing the carbon emissions from our council houses, as there remains significant uncertainty about the total expected costs of making our existing properties carbon neutral and what external funding might be available over that time to support this work. Work is ongoing in this area and will feed into a planned review of the Housing Strategy in 2021/22, giving us a stronger basis for modelling the potential future costs of in this area.

Policies and other considerations, as appropriate	
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 fully costed and mainstreamed into financial plans. The plans therefore do not reflect the full potential effort required to make the Council carbon neutral by 2030.
Consultation/Community Engagement:	Not applicable
Risks:	There remains 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. A great deal of uncertainty remains in the local government sector around core funding from 2022 and the full extent of the impact of the COVID-19 pandemic still remains unclear. A risk and sensitivity analysis is included within this report where relevant.
Officer Contact	Tracy Bingham, Head of Finance 01530 454707 tracy.bingham@nwleicestershire.gov.uk

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**INVESTMENT STRATEGY - SERVICE AND COMMERCIAL 2021/22**
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder
Background Papers	Review of Medium Term Plans – Cabinet - 29 September 2020 Statutory Guidance on Local Government Investments – GOV.UK Draft Minutes – Corporate Scrutiny Committee - 6 January 2021 **Public Report:** Yes **Key Decision:** No
Financial Implications	The strategy sets out how the Council will support local public services through investments and investing commercially. Investment activities may impact on the resources available to the Council through utilisation of reserves and through interest earned. **Signed off by the Section 151 Officer**: Yes
Legal Implications	None **Signed off by the Monitoring Officer**: Yes
Staffing and Corporate Implications	None **Signed off by the Head of Paid Service:** Yes
Purpose of Report	To seek approval of the Investment Strategy – Service and Commercial 2021/22.
Reason for Decision	To ensure the Council meets the requirements of the statutory guidance issued by the government in January 2018 under section 15(1)a of the Local Government Act 2003.
Recommendations	**THAT CABINET RECOMMEND THE INVESTMENT STRATEGY – SERVICE AND COMMERCIAL 2021/22 FOR APPROVAL BY COUNCIL ON 23 FEBRUARY 2021.**

1.0 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 is the main purpose).

1.2 The Investment Strategy attached at Appendix A was introduced in 2019/20, meeting the requirement of statutory guidance issued by the government (see background papers). The Investment Strategy has been reviewed and updated for 2021/22.

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 outlines 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 been no changes to the limits from 2020/21.

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.

1.6 The Investment Strategy was considered by the Corporate Scrutiny on 6 January 2021. A link to the draft minutes have been included as a background paper.

Policies and other considerations, as appropriate	
Council Priorities:	The Investment Strategy assists the Council to achieve all its priorities.
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:	Corporate Scrutiny Committee – 6 January 2021.
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 Section 151 Officer tracy.bingham@nwleicestershire.gov.uk

This page is intentionally left blank

APPENDIX A

INVESTMENT STRATEGY – SERVICE AND COMMERCIAL 2021/22

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 2021/22 for treasury management investments are covered in the 'Treasury Management Strategy Statement 2021/22'.

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. The limits have not been amended from their 2020/21 levels.

Category of borrower	**2021/22 Approved Limit**
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
TOTAL	**£15,700,000**

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. The limits have not been amended from their 2020/21 levels.

Category of Company	**2021/22 Approved Limit**
Subsidiaries	£5,000,000
Trading Company	£1,000,000
Suppliers	Nil
Local Businesses	Nil
TOTAL	**£6,000,000**

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 The Ministry for Housing Communities and Local Government define 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 2020 £'m	Net Budgeted Surplus / (Deficit) for 2020/21 £'000	Net Forecast Surplus / (Deficit) for 2020/21 £'000	Reason Held	Notes
Industrial Units	£6.3	£262	£268	Profit Generating	
Market Hall	£1.4	(£168)	(£299)	Profit Generating	Due to the delay in opening New-Market and the impact of COVID-19, the market is currently making a loss. Once the NewMarket is open, the investment asset should return to a profit generating position.
Whitwick Business Centre	£1.8	£25	(£55)	Full Cost Recovery	Due to the number of vacant units, the Business Centre is currently in a deficit position. We have employed external support to help the council lease the vacant units to ensure the property is full cost recovery in the future.
Land	£5.4	n/a	n/a	Future economic benefit	
	£14.9	**£201**	**£86**		

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.
- The council will also take into consideration any impact on local businesses before entering into new investments. This is to protect local business's interest in the local market.

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 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 medium term financial plan. The forecast 2020/21 net revenue expenditure has significantly increased due to the impact on the council finances from the COVID-19 pandemic. The amount of investment income has also reduced due to the collapse in interest rates.

	2020/21 Forecast £'000	2021/22 Budget £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Net Revenue Expenditure	15,619	14,928	15,667	15,442	15,701	16,096
Investment income	(24)	(164)	(268)	(265)	(254)	(246)
Proportion	(0.15%)	(1.10%)	(1.71%)	(1.72%)	(1.62%)	(1.53%)

6.2 As you can see from the table above, the current return on the investment income received by the Council is negative and therefore, it does not reply upon investment income to fund its revenue expenditure. The reason for this is the significant decrease in the amount interest received and the Market Hall and Whitwick Business Centre both being in deficit positions (see paragraph 5.3).

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 2021/22.

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. Full details can be found in the council's Treasury Management Strategy.

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.

Finance Business Partner – 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 Finance Business Partner, with the exception of Inter-Local Authority transactions.

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	31/3/20 Actual £'000	31/3/21 Forecast £'000	31/3/22 Budget £'000	31/3/23 Estimate £'000
Treasury Management investments*	0	0	3,000	3,000
Service Investments: Loans	0	0	0	0
Service Investments: Shares	0	0	0	0
Commercial Investments: Property	14,900	14,900	14,900	14,900
TOTAL INVESTMENTS	**14,900**	**14,900**	**17,900**	**17,900**
Commitments to lend	0	0	0	0
Guarantees issued on loans	0	0	0	0
TOTAL EXPOSURE	**14,900**	**14,900**	**17,900**	**17,900**

*Treasury Management Investments longer than 12months

The Commercial Investments Property reflects the valuation of the investment assets.

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	31/3/20 Actual £'000	31/3/21 Forecast £'000	31/3/22 Budget £'000	31/3/23 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	13,100	13,100	13,100	13,100
TOTAL FUNDED BY BORROWING	**13,100**	**13,100**	**13,100**	**13,100**

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	31/3/20 Actual	31/3/21 Forecast	31/3/22 Budget	31/3/23 Estimate
Treasury Management investments	0.82%	0.31%	0.03%	0.03%
Service Investments: Loans	0%	0%	0%	0%
Service Investments: Shares	0%	0%	0%	0%
Commercial Investments: Property	0.65%	0.15%	1.10%	1.71%

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22 AND PRUDENTIAL INDICATORS 2021/22-2023/24**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Draft Minutes – Corporate Scrutiny Committee - 6 January 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	Interest earned on balances and interest paid on external debt impact on the resources available to the authority. During 2020, income earned on investments has been significantly less than in previous periods due to the reduction in the base rate by the Bank of England. The impact on the UK from coronavirus coupled with its exit from the European Union and arrangements with regard to future trading with Europe will remain a major influence on the Authority's treasury position in 2021/22.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	None	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	This report outlines the expected treasury operations for the forthcoming financial years and sets out the Authority's treasury management indicators for 2021/22-2023/24. It fulfils the key requirements of the: • Local Government Act 2003; • The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in Public Services; • The Treasury Management Investment Strategy in accordance with the MHCLG Investment Guidance; • The reporting of the Prudential Indicators as required by the CIPFA Prudential Code for Finance in Local Authorities; and • The requirement for a Policy for the Annual Minimum Revenue Provision.	

Reason for Decision	To meet the requirements of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services Code of Practice' 2017 Edition (the CIPFA Code).
Recommendations	**THAT THE TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22, THE TREASURY MANAGEMENT PRUDENTIAL INDICATORS – REVISED 2020/21 AND 2021/22-2023/24 AND THE ANNUAL MINIMUM REVENUE PROVISION BE RECOMMENDED TO COUNCIL FOR APPROVAL.**

1.0 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 for 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 2 February 2021.

1.4 In accordance with MHCLG Guidance, Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which the 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 these 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 £2,663,301 in 2021/22.
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 £9,255 in 2021/22 (General Fund - £5,875, HRA - £3,380).

h) Treasury Management and Prudential Indicators for 2021/22 to 2023/24 (Appendix E). These are designed to monitor borrowing limits, debt levels and investment returns.
i) Annual Minimum Revenue Provision Statement for 2021/22 (Appendix F). General Fund MRP is estimated at £997,551.

1.8 The Corporate Scrutiny Committee considered the draft TMSS on 6 January 2021. A link to the draft minutes have been included as a background paper. Members should note that the strategy is aligned to the Capital Programmes 2021/22-2023/24 and has been revised in line with changes to the capital programme since being presented to Corporate Scrutiny Committee. In particular, the assumptions regarding the value and timing of capital expenditure.

1.9 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.

1.10 To enable the council to maintain 'Professional' status, it is required under the MiFID (Markets in Financial Instruments Directive 2004/39/EC) regulations to maintain an investment level of at least £10 million. 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 £10 million 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.

1.11 The balance sheet forecasts indicates that only £5 million would be available for investment in 2021/22 and will therefore require short term borrowing to maintain 'Professional Status' based on a £10 million minimum investment. Forecasts show the borrowing will also be required in future years to maintain the status. The council's cash flow is monitored daily for significant movements in expenditure and income. This provides a forecast of daily cash balances which determines any scope for investment as well as the need for short term borrowing. Any short term borrowing requirement for this purpose will require authorisation by the Head of Finance.

Policies and other considerations, as appropriate	
Council Priorities:	The Strategy assists the Council to achieve all its priorities.
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:	Corporate Scrutiny Committee – 6 January 2021
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 Section 151 Officer tracy.bingham@nwleicestershire.gov.uk

APPENDIX 1

TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

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

- The Borrowing Strategy 2021/22 (APPENDIX A)
- The Debt Rescheduling Strategy 2021/22 (APPENDIX B)
- The Annual Treasury Management Investment Strategy 2021/22 (APPENDIX C)
- The Apportionment of Interest Strategy 2021/22 (APPENDIX D)
- The Treasury Management and Prudential Indicators 2021/22 to 2023/24 (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 and 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 or on behalf of the Head of Finance.

Finance Business Partner – 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 Finance Business Partner, with the exception of Inter-Local Authority transactions.

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 including economic updates.

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 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.

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 Officers on a regular basis monitor the quality of this service, 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 2020/21 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 2021/22.

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

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

6.0 <u>Outlook for UK Interest Rates:</u>

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

Bank Rate %	**March 2021**	**June 2021**	**Sept 2021**	**Dec 2021**	**March 2022**	**June 2022**	**Sept 2022**
Upside Risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30
Arlingclose Central Case	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**
Downside Risk	-0.20	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50

6.1.1 Underlying Assumptions

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.

- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.

- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.

- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.

- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.

- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines

6.1.2 Forecast

- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.

- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.

- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

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 relevant and broadly unchanged from previous years. The treasury policies are designed to ensure that 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 of the invested capital, sufficient liquidity to permit investments and optimum yield which is commensurate with security and liquidity (SLY). A prudent approach has been taken to investment activity with propriety given to security and liquidity over yield. This approach has provided the council with a robust and reliable cashflow supporting its budget, projects and services. With the current pandemic, it is vital that these policies continue to be adopted to maintain the security of our assets, liquidity and financial stability.

7.3 With internal borrowing playing a vital role in funding the council's capital programme, reduced scope for investment is expected in the coming years. The application of SLY in future investments is as important as ever in protecting public funds.

8.0 Markets in Financial Instruments Directive (MiFID)

8.1 As reported in the Treasury Management Strategy 2020/21, 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 £10 million.

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 £10 million 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 balance sheet forecasts on paragraph 10.1 indicates that only £5 million would be available for investment in 2021/22 and will therefore require short term borrowing to maintain 'Professional Status' based on a £10 million minimum investment. Forecasts shows the borrowing will also be required in future years to maintain the status. The council's cash flow is monitored daily for significant movements in expenditure and income. This provides a forecast of daily cash balances which determines any scope for investment as well as the need for short term borrowing. Any short term borrowing requirement for this purpose will require authorisation by the Head of Finance.

9.0 FUTURE SIGNIFICANT EVENTS

9.1 The Council continues to own two 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) open in September 2022.

9.2 The self-financing of the HRA was presented to Cabinet on 13 March 2012 in the 'Housing Revenue Account (HRA) Business Plan' and included the council taking on £76.785 million 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 will be used to repay £13 million of loans when they mature in March 2022.

9.3 In 2018/19, Council approved a more flexible approach to using surpluses, which means they can be used to invest in capital improvements, new housing stock, service improvements or the repayment of debt. In 2021/22 budget, nearly all the surpluses are due to be used to fund the HRA capital programme. The existing two annuity loans will continue to be repaid as required until they are paid off in 2027 and 2032.

9.4 The COVID-19 vaccines have now commenced rolled out to the most at risk groups in the UK. Although it seems like the virus will be around with us for quite some time and will continue to cause disruption to our lives and damage to the economy. Any further financial strain caused by the pandemic to businesses and residents in the coming months may affect their ability to pay business rates and council tax. Should this arise, this could result to deferred payments; with total default in payments as a worst outcome. These are the main income streams of the council and could have a significant impact on the council's cashflow.

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:

	31.03.20 Act £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**	**31.03.26 Forecast £m**
General Fund CFR	17.4	25.6	38.1	41.6	42.0	41.6	40.5
HRA CFR	71.8	70.6	56.4	55.2	54.0	52.7	51.4
Total CFR	**89.1**	**96.2**	**94.5**	**96.8**	**96.0**	**94.3**	**91.9**
Less: External Borrowing	-80.1	-79.0	-64.8	-62.6	-59.8	-58.6	-57.3
Internal Borrowing	**9.0**	**17.3**	**29.7**	**34.3**	**36.2**	**35.8**	**34.6**
Less: Usable Reserves	45.2	39.5	24.4	20.9	17.6	12.9	7.2
Less: Working Capital Estimate	(13.6)	(12.1)	(10.6)	(9.1)	(9.1)	(9.1)	(9.1)
Investments or (New Borrowing)	49.7	34.2	5.3	-4.3	-9.5	-13.8	-18.4

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 commenced in July 2019 and is programmed to complete in September 2022. 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 2020 £m	Portfolio as at 31 Dec 2020 £m
External Borrowing:		
PWLB	71.7	71.0
Local Authorities	1.0	1.0
Banking Sector	3.9	3.9
LOBO Loans	3.5	3.5
Total External Borrowing	*80.1*	*79.4*
Other Long Term Liabilities	0.1	0.1
TOTAL GROSS EXTERNAL DEBT	**80.2**	**79.5**
Investments:		
Short Term - Managed in- house	42.0	48.8
Long Term - Managed in- house	0.00	0.00
Fund Managers– Managed Externally	0.0	0.0
Pooled Funds-Managed Externally	8.7	20.0
Total Investments	*50.7*	*68.8*
NET DEBT	**29.5**	**10.7**

There is a £11.1 million temporary increase in investments due to the timing difference between the receipt of grants and expenditure.

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 2021/22.

11.0 THE COUNCIL'S APPROACH TO BEING COMMERCIAL

11.1 A 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.

11.3 The council has a Journey to Self Sufficiency (J2SS) Programme in place. The programme was due to commence in 2020/21, however the work on the programme was halted in reaction to the demands on the COVID-19 pandemic. As part of the draft budget, it is planned for the original 5 years savings plan to be 'rebased with

2021/22 as year 1.

11.4 The Corporate Leadership Team have also reviewed the programme to reflect the current operating environment, resource constraints and deliverability of commercial savings built into the programme. Recently, we have received strengthened messages from Central Government around Council's acting commercially, the most recent of which have included confirmed changes to lending conditions from the Public Works and Loans Board in respect of 'debt for yield' purposes. Combined with the change in commercial landscape as a result of COVID-19, it has been concluded that the organisation will need to focus more closely on its use of resources to deliver services in order to deliver savings and an ongoing sustainable financial position. This will necessitate a redesign of the J2SS programme.

11.5 To support the redesign and launch of the programme in the new financial year, Cabinet has already agreed for £100,000 to be set aside from the self-sufficiency reserve for the purposes of engaging external expertise to assist in the delivery of savings from 2021 to 2023. Work to engage support is already underway and it is planned for an agreed mobilisation plan will be available by the end of the financial year, with the new plan mobilised and inflight by April 2021.

APPENDIX A

BORROWING STRATEGY 2021/22

At the 31 March 2021, the Council will hold loans totalling £78.9 million (£70.5 million HRA and £8.4 million General Fund). This is a decrease of £1.1 million on the previous year £80 million (£71.6 million HRA and £8.4 million 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 13 March 2012 in the "Housing Revenue Account (HRA) Business Plan".

The balance sheet forecast in paragraph 10.1 shows that the council will need to secure some short term borrowing in 2021/22 and the following years to maintain its MIFID status which requires an investment balance of £10 million at any one time. 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 2022/23 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 2022/23, 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 short term between one and three months) 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. As at 26th November 2020 the government reduced PWLB rates by 1% in all Standard Rate and Certainty Rates making it competitive against other sources of borrowing. Following PWLB consultation in 2020, local authorities will be asked to confirm there is no intention to buy investments assets primarily for yield in the current or next two financial years.

The Council will also 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 £3.5 million 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 2021/22 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 2021/22 authorised borrowing limit of £149 million, 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.

APPENDIX B

DEBT RESCHEDULING STRATEGY 2021/22

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.

APPENDIX C

ANNUAL TREASURY MANAGEMENT INVESTMENT STRATEGY 2021/22

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 2021/22 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 2021/22, 2022/23 and 2023/24 and movements in reserves in the revenue budget. However, we intend to maintain investment balances above £10 million 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.

As per Arlingclose forecast, further Bank of England interest rate cuts to zero or perhaps even to negative territory cannot be ruled out in 2021/22. This is likely to feed through on all low risk, short-term investment options. 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 2021/22. This is especially the case for the estimated £3 million 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 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 COVID-19 pandemic has increased the risk that the Bank of England will set its Bank rate at or below zero, which is likely to feed through the negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. 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.

The Council compiles its cash flow forecast on a pessimistic basis, with receipts under-estimated 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 13months				
Lloyds Banking Group (excluding operational bank account)*	£5m 13months				
Pooled Funds and real estate investment trusts	£6m per fund				

*This was added to make it clear that the operational bank account limit as set out below is separate from the limit set on invested funds within the same banking group.

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 £5 million.

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 2020, 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 investment returns to fall, 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:

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£5m per country
Registered Providers 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.

APPENDIX D

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 2021/22, the budgeted investment income is £9,255 and is apportioned as follows: £5,875 General Fund and £3,380 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year. With the expectation of continued low interest rates for 2021/22, the average interest rate of 0.034% between October and December 2020 was used as an estimate.

APPENDIX E

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 2 February 2021.

Capital Expenditure	**2020/21 Approved £m**	**2020/21 Revised £m**	**2021/22 Est £m**	**2022/23 Est £m**	**2023/24 Est £m**
Non-HRA	12.920	10.671	20.148	5.875	2.938
HRA	12.857	7.514	15.559	13.650	12.124
Total	**25.777**	**18.185**	**35.707**	**19.525**	**15.063**

Capital expenditure will be financed or funded as follows:

Capital Financing	**2020/21 Approved £m**	**2020/21 Revised £m**	**2021/22 Est £m**	**2022/23 Est £m**	**2023/24 Est £m**
Capital receipts	1.071	0.404	5.453	0.400	0.400
Government Grants	0.925	0.716	1.046	0.862	0.861
Major Repairs Reserve	3.870	1.470	5.539	3.179	3.185
Reserves	0.040	0.797	1.629	0.000	0.000
Other Contribution-S106	0.000	0.137	0.271	0.000	0.000
Right to Buy Receipts	6.736	4.849	5.368	2.750	2.608
Grants - Other	0.000	0.000	0.000	0.000	0.000
Revenue contributions	1.042	0.829	2.991	7.129	5.740
Total Financing	**13.684**	**9.202**	**22.297**	**14.320**	**12.795**
Unsupported borrowing	12.093	8.983	13.410	5.205	2.268
Total Funding	12.093	8.983	13.410	5.205	2.268
Total Financing and Funding	**25.777**	**18.185**	**35.707**	**19.525**	**15.063**

3. Capital Financing Requirement

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

Capital Financing Requirement	2019/20 Actual £m	2020/21 Est £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m	2024/25 Est £m
Non-HRA	17.4	25.6	38.1	41.6	42.0	41.6
HRA	71.8	70.6	56.4	55.2	54.0	52.7
Total CFR	**89.1**	**96.2**	**94.5**	**96.8**	**96.0**	**94.3**

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	2020 Act £m	2021 Est £m	2022 Est £m	2023 Est £m	2024 Est £m
Borrowing	80.117	78.963	64.783	62.576	59.843
Transferred Debt	0.090	0.082	0.075	0.068	0.061
Total Debt	**80.207**	**79.045**	**64.858**	**62.644**	**59.904**

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

Operational Boundary for External Debt	2020/21 Approved £m	2020/21 Revised £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m
Borrowing	138.380	141.094	148.807	142.895	140,796
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500
Total	**138.88**	**141.594**	**149.307**	**143.395**	**141.296**

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

Authorised Limit for External Debt	2020/21 Approved £m	2020/21 Revised £m	2021/22 Est £m	2022/23 Est £m	2023/24 Est £m
Borrowing	140.380	143.094	150.807	144.895	142.796
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
Total	**141.08**	**143.794**	**151.507**	**145.595**	**143.496**

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.

Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual %	2020/21 Approved %	2020/21 Revised %	2021/22 Est %	2022/23 Est %	2023/24 Est %
Non-HRA	5.64	6.45	6.75	9.89	14.73	16.04
HRA	12.52	12.24	12.51	12.34	10.13	9.67
Total (Average)	**9.58**	**9.48**	**9.76**	**11.24**	**12.11**	**10.84**

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 2021/22 following repayment of £13 million of loans, which reduces interest costs by £339,000.

7. Incremental Impact of Capital Investment Decisions

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

Incremental Impact of Capital Investment Decisions	2020/21 Approved £	2020/21 Revised £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £
Increase in Band D Council Tax	6.44	1.92	3.20	6.00	7.06
Increase/(Decrease) in Average Weekly Housing Rents *	4.31	0.00	(2.27)	4.25	3.42

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.

	Existing (Benchmark) level 31/03/20 %	2020/21 Approved %	2020/21 Revised %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Upper Limit - Fixed Interest Rate Exposure	100	100	100	100	100	100
Upper Limit - Variable Interest Rate Exposure	50	50	50	50	50	50

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

Maturity structure of fixed rate borrowing	Lower Limit for 2021/22 %	Upper Limit for 2021/22 %
under 12 months	0	0
12 months and within 24 months	0	60
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	40
30 years and within 40 years	0	70

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.

	2020/21 Approved £m	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Upper Limit	12	12	12	5	5

The reduction of the Upper Limit from 2022/23 onwards is in line with the capital expenditure expected on the leisure project and to ensure liquidity is maintained.

APPENDIX F

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

Background

Where the 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 2021/22, 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:

<u>Option 1 – Regulatory Method.</u>
For Capital expenditure incurred before 1 April 2008, MRP under this option, is the amount determined in accordance with the 2003 regulations. In effect, this is 4% of the total Capital Financing Requirement (CFR) excluding HRA borrowing and Adjustment A. Adjustment A is an accounting adjustment to ensure consistency with previous capital regulations. Once calculated this figure is fixed. For this 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 2021/22:

- 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 2021/22 budget for General Fund MRP will be £997,551. The HRA will repay £13 million of debt in 2021/22 through the two majority loans.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY**	
Presented by	Councillor Andrew Woodman Community Services Portfolio Holder	
Background Papers	Agenda and Minutes of the meeting held on 15 December 2020	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	As set out in the Capital Projects Update and Coalville Special Expenses Finance Update reports presented to the Coalville Special Expenses Working Party on 15 December 2020 **Signed off by the Section 151 Officer**: Yes	
Legal Implications	There are no legal implications. **Signed off by the Deputy Monitoring Officer**: Yes	
Staffing and Corporate Implications	There are no staffing or corporate implications. **Signed off by the Deputy Head of Paid Service:** Yes	
Purpose of Report	To consider the recommendations made by the Coalville Special Expenses Working Party on 15 December 2020.	
Reason for Decision	So that the recommendations of the Coalville Special Expenses Working Party can be considered.	
Recommendations	**THAT CABINET NOTES THE MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY AT APPENDIX 1, AND APPROVES THE RECOMMENDATIONS DETAILED WITHIN THE MINUTES AND SUMMARISED AT PARAGRAPH 3.0**	

1.0 BACKGROUND

1.1 The Coalville Special Expenses Working Party consists of all ward members from the Coalville Special Expenses Area and meets as often as is required to meet business demands which is usually quarterly.

1.2 As the working party reports directly to Cabinet, all recommendations made are to be sent to the first available Cabinet meeting for final approval.

2.0 TERMS OF REFERENCE

2.1 To consider budget and financial issues which either solely or predominantly affect the Coalville Special Expenses Area and to make recommendations to Cabinet.

2.2 To receive reports and examine possible project options on which recommendations will be made to Cabinet.

3.0 RECOMMENDATIONS TO CABINET FROM THE MEETING ON 15 DECEMBER 2020

3.1 Events Update

3.1.1 There are no recommendations.

3.2 Capital Projects Update

3.2.1 £4,500 be allocated to Scotlands Recreation Ground Bowls Pavilion as part of the Asset Management Plan, in order to install CCTV and upgrade the intruder alarm

3.3 Coalville Special Expenses Finance Update

3.3.1 There are no recommendations.

Policies and other considerations, as appropriate	
Council Priorities:	- Supporting Coalville to be a more vibrant, family-friendly town - Developing a clean and green district
Policy Considerations:	No issues identified.
Safeguarding:	No issues identified.
Equalities/Diversity:	No issues identified.
Customer Impact:	The prevention of anti-social behaviour has a positive impact.
Economic and Social Impact:	The prevention of anti-social behaviour has a positive impact.
Environment and Climate Change:	Not applicable.
Consultation/Community Engagement:	Coalville Special Expenses Working Party – 15 December 2020
Risks:	No risks identified.
Officer Contact	Paul Sanders Head of Community Services paul.sanders@nwleicestershire.gov.uk

MINUTES of a meeting of the COALVILLE SPECIAL EXPENSES WORKING PARTY held in the Remote meeting using Microsoft Teams on TUESDAY, 15 DECEMBER 2020

Present: Councillor M B Wyatt (Chairman)

Councillors A J Bridgen, E G C Allman, A S Black, D Everitt, M French, J Geary, J Legrys and J Windram

In Attendance: Councillor A Woodman

Officers: Mr P Sanders, Mr J Knight, Mrs W May, Mrs C Hammond, Mr T Delaney and C Colvin

15. APOLOGIES FOR ABSENCE

There were no apologies for absence.

16. DECLARATIONS OF INTEREST

Councillor J Geary declared non-pecuniary interests in all items as a director of the Springboard Centre, founder of Mantle Community Arts and supporter of Coalville Town Football Club.

Councillor J Legrys declared non-pecuniary interests in all items in relation to his voluntary activities at Hermitage FM and observing role with the local group Friends of Coalville Park.

Councillor M Wyatt declared non-pecuniary interests in all items as an owner of two businesses in Coalville Town Centre.

They remained in the meeting and took part in the discussion on all matters.

17. MINUTES OF THE PREVIOUS MEETING

Consideration was given to the minutes of the meeting held on 13 October 2020.

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

RESOLVED THAT

The minutes of the meeting held on 13 October 2020 be confirmed as an accurate record of the proceedings.

18. EVENTS UPDATE

Wendy May, Cultural Services Team Manager, presented the report which provided Members with an update on 2020/21 events within the Coalville Special Expenses Area and the proposals for 2021/22. An update was also provided on the Big Festive Drive in Cinema, which was operating in Coalville from 17 to 21 December, this had received positive outcomes in terms of tickets sold and in the responses from local residents.

Officers were thanked for their hard work and achievements during a very difficult year and the Cultural Services Team Manager agreed to pass these onto her team at their next meeting.

It was clarified that the Market Hall Car Park would be used for the Coalville May Fair in the summer of 2021, with the Steampunk Festival to take place over several locations;

one of which would likely be the newly opened Snibston Colliery Park. The park was welcomed by Members as an ideal opportunity for events and promotion of Coalville going forward.

Additionally, Members welcomed the drive-in cinema as a new and exciting idea. Clarification was given regarding arrangements for parking provision to market traders and on any noise impact to residents.

A variety of views were expressed regarding the Christmas trees and lights in Coalville, including that some locations did not seem to have the lights turned on. However, it was acknowledged that these had been implemented under unique circumstances this year and the Cultural Services Team Manager agreed to investigate concerns raised on specific locations.

Referencing the previous meeting of the Working Party where it had been recommended to Cabinet that £30,000 be allocated for the procurement of new Christmas lights, it was asked what influence Members of the Working Party and the public would have over any decisions made on the designs and features of the future lights. The Cultural Services Team Manager agreed that subject to timings of the procurement process, she would look to consult Members through either the Working Party or Events sub-group.

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

RESOLVED THAT

The Working Party notes the progress update on 2020/21 events.

19. CAPITAL PROJECTS UPDATE

Jason Knight, Leisure Services Team Manager, presented the report which updated Members with regards to capital projects within the Coalville Special Expense Area.

It was suggested that the Working Party consider recommending to Cabinet an additional allocation of £4500 to Scotlands Recreation Ground Bowls Pavilion as part of the Asset Management Plan. This would then be used for funding the installation of CCTV and improvement of intruder alarms, in order to help with the prevention of anti-social behaviour in the area. Over the course of the meeting Members spoke in support of this proposal.

The ongoing work at Scotlands Recreation Ground was welcomed as a way to deliver health benefits for residents, who would benefit from additional from additional running and walking routes. The additional funding from Bardon Community Fund and the local Sports Alliance were also welcomed.

The Chairman outlined to Members a proposal for the Working Party to consider investment in equipment to improve the monitoring of air quality at several locations within the Coalville Special Expenses Area. This was based on work recently undertaken by the Air Quality Task and Finish Group, which had subsequently been considered by Community Scrutiny Committee and Cabinet. It was suggested that officers be asked to bring detailed proposals to a future meeting of the Working Party in order to then make recommendations to Cabinet. It was outlined that the Bardon Community Fund may be willing to match-fund any agreed proposals.

Councillor Andrew Woodman, Community Services Portfolio Holder, was then welcomed to the meeting and provided further detail on the specific proposals that had been made by Scrutiny and agreed by Cabinet. It was explained that there was a distinction between statutory monitoring already undertaken by the Council, and non-statutory monitoring such as of Particulate Matter, and the Working Party could consider funding for additional non-statutory monitoring equipment of Particulate Matter to work alongside the approach planned in the Air Quality Delivery Plan recently agreed by Cabinet.

Members spoke in favour of additional monitoring equipment as important in ensuring the health of residents across the Special Expenses Area, subject to specific and costed proposals being provided at a future meeting of the Working Party. It was also suggested that the opportunities for the public to contribute to additional monitoring be explored, such as through suggesting sites for equipment, or being supported by the Council in providing their own equipment and data.

Concerns were raised regarding cleanliness, community safety and on the planned improvement works at Coalville Park and London Road Cemetery, where it was suggested a site visit by the Working Party might be beneficial to help identify the solutions. The Leisure Service Team Manager clarified the current situation at these sites and agreed to look into the areas of concern raised.

Regarding London Road Cemetery, it was also explained that there did not currently appear to be sufficient demand for cremation at the site to justify use of funds to implement such a service. However, a Burials review currently underway would look to identify future opportunities for income generation, which would then be reported to a future meeting of the Working Party.

A request was made to allocate £2,000 of funding to the planting of trees on grass verges in the Coalville area, subject to additional funding being secured from the Bardon Community Fund and agreement of Leicestershire County Council as landowners. The Leisure Services Team Manager advised there was a budget that could be utilised for this purpose.

It was moved by Councillor M Wyatt, seconded by Councillor J Legrys and

RESOLVED THAT

1) The Working Party note the progress update on the 2020/21 capital projects.

2) Officers be asked to undertake a scoping exercise and report back on the feasibility of providing additional air quality monitoring equipment within the Coalville Special Expenses Area. In order for the Working Party to then make recommendations to Cabinet.

RECCOMENDED TO CABINET THAT

3) £4500 be allocated to Scotlands Recreation Ground Bowls Pavilion as part of the Asset Management Plan, in order to assist in the prevention of anti-social behaviour.

20. UPDATE ON PROGRESS WITH THE NEW WHITWICK AND COALVILLE LEISURE CENTRE

Paul Sanders, Head of Community Services, gave Members a verbal update on progress on the new Whitwick and Coalville Leisure Centre. The work undertaken so far was compliant with the requirements made by Leicestershire County Council Highways, and the site was ahead of schedule and on track for completion in July 2022. When complete there would be various opportunities for indoor and outdoor exercise available to residents.

It was suggested that the site currently being unmarked was a missed opportunity to advertise and promote a valuable project for the area. In response, the Head of Community Services outlined the initial reasons why this had not been possible and assured Members that the intention was for suggested signage to be in place by early 2021 at the latest on the site hoardings.

In response to other comments from Members on the new name of the leisure centre, the Head of Community Services explained that the choice was that of the administration. Although section 106 funding from Coalville had contributed to the costs of the centre, the name was a reflection of both the geographical location and expected customer base in Whitwick and Coalville.

21. COALVILLE SPECIAL EXPENSES FINANCE UPDATE

Councillor E Allman left the meeting during consideration of this item.

Paul Sanders, Head of Community Services, presented the report, updating Members on the Period 7 Actuals and forecast outturn for 2020/21 and provided the draft Coalville Special Expenses budgets for 2021/22.

The ongoing impact of COVID-19 had led to significantly less spending than planned in 2020/21, and there was therefore estimated to be a contribution to reserves of £38,000, compared to the original budgeted deficit of £15,000 funded from reserves. The resulting reserves of £119,000 had been used in the calculation of the budgets from 2021/22 up until 2025/26, therefore any additional expenditure could lead to future increases in the precept.

In response to concerns from Members, the Head of Community Services explained some of the reasons for the increased costs in the draft 2021/22 budgets and the subsequent need for the proposed increase in the Coalville Special Expense Precept. These included the funding for new projects, rises in costs of water, gas and raw material supplies, and increased insurance and rental costs.

Clarification was sought from Members as to the exact percentage increases in the precept for individual households and bands. After the meeting, it was confirmed to Members that the proposed Coalville Special Expenses Precepts for 2021/22 were:

Band	20/21 Current	21/22 Proposed	% increase
A	£45.15	£49.01	8.55%
B	£52.67	£57.17	8.55%
C	£60.20	£65.34	8.55%
D	£67.72	£73.51	8.55%
E	£82.77	£89.85	8.55%
F	£97.82	£106.18	8.55%
G	£112.87	£122.52	8.55%
H	£135.44	£147.02	8.55%

It was moved by Councillor M Wyatt, seconded by Councillor A Bridgen and

RESOLVED THAT

The Working Party:

1) Notes the 2020/21 Period 7 Actuals and the forecast Outturn for the year.

2) Provides comments to Cabinet on the draft 2021/22 draft budgets and proposed indicative increase in the Coalville Special Expense Precept.

The meeting commenced at 6.30 pm

Councillor E Allman left the meeting at 8.05pm

The Chairman closed the meeting at 8.12 pm

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 2 FEBRUARY 2021

Title of Report	**A REVIEW OF THE COUNCIL'S CAR PARKING SERVICE AND ACTION PLAN**	
Presented by	Councillor Andrew Woodman Community Services Portfolio Holder	
Background Papers	Car Parking Strategy and Cabinet Report 2016 Community Scrutiny Agenda and Minutes – 25 November 2020	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The proposed charge increases and staffing efficiencies are included in the proposed final General Fund budget for 2021/22. A revised budget in respect of the asset transfer and other future proposals will be required to be aligned to the action plan.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Changes to the Off – Street Parking Places Orders may be required	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	A review of staffing resources will be required within the three year action plan.	
	Signed off by the Deputy Head of Paid Service: Yes	
Purpose of Report	To update Cabinet on the review of the council's car parking service and action plan.	
Reason for Decision	To seek approval from Cabinet for the plan as it is a key decision.	
Recommendations	**THAT CABINET:** **1. ADOPT THE ACTION PLAN FOR THE PARKING SERVICE IN ANNEX A** **2. AGREE TO THE CHANGES TO THE PARKING ARRANGEMENTS DETAILED IN PARAGRAPH 2.4** **3. DELEGATE AUTHORITY TO THE STRATEGIC DIRECTOR OF PLACE TO MAKE AMENDMENTS TO THE PARKING ORDERS** **4. NOTE THE INTENTION OF THE HEAD OF PAID SERVICE TO COMMENCE A REVIEW OF STAFFING RESOURCES IN THE ENVIRONMENTAL PROTECTION TEAM IN LINE WITH THE REVIEW OF THE CAR PARKING SERVICE** **5. BRING TO A CLOSE PARKING ENFORCEMENT CONTRACTS WITH LEICESTERSHIRE COUNTY COUNCIL FOR ASHBY AND COALVILLE LIBRARIES**	

1.0 BACKGROUND

1.1 The council's parking service is important for a wide range of stakeholders including residents, businesses, shoppers, tourists, community groups and parish/town councils. On street parking is managed by the Highway Authority (Leicestershire County Council) and off street parking by a range of land owners of which the district council is one.

1.2 The district council operates and maintains a range of off street car parks in the district. Each car park provides a service for its locality whether it be to support shoppers and local businesses or for residential purposes.

1.3 The district council operates pay and display car parks in Coalville and Ashby but also manages car parks in the villages of Ibstock, Whitwick, Castle Donington, Measham and Thringstone which are not chargeable.

1.4 There are a wide range of costs associated with operating and maintaining car parks as follows;

- Repairs, resurfacing, line marking
- Grounds maintenance, sweeping, litter picking, winter gritting
- Cash collections, purchase of tickets, computer software, licences
- Electricity, sewerage, business rates
- Enforcement activities including Car Park orders and signage
- Staff recharges, corporate overheads

1.5 In 2016 Cabinet adopted the Car Parking Strategy which set out a number of actions in relation to the management of the car parks in the district. In particular Cabinet agreed:

- No parking price rises until 2020
- New Short Stay Car Park for Ashby
- Introduce Free After 3pm in Coalville

Cabinet also agreed that a review of prices and all current and proposed parking initiatives including Free After 3pm would take place in 2019. The Parking Strategy suggested that Coalville and Ashby should be treated differently with regard to pricing strategies and differential pricing for each town will be considered as part of that review.

1.6 Due to car parking charges not increasing since 2009 our income has not kept pace with expenditure. In March 2020, the car park trading account was in deficit by £1.874 million. Therefore, there is a need to bring North West Leicestershire in line with neighbouring districts and parking tariffs along with a detailed review of the car parking services to identify further efficiencies to move towards a more cost neutral positon.

1.7 The ambition is to be a carbon zero council by 2030 therefore the focus is on providing green and alternative solutions.

2.0 PLAN OVERVIEW

2.1 The Future Provision of Car Parking Services and action plan can be found at **Annex A**.

2.2 The Medium Term Financial Strategy sets out the financial plan for the next five years. It sets out the importance of services being self-reliant and more resilient to future financial changes. With this in mind, a review of the car parking service is timely and important.

2.3 The overall aim of the car parking service review is to set out a new direction which takes account of all the changes and promotes a way forward which meets the needs of residents in the area, protects the provision of car parks and promotes a green agenda going forward.

2.4 To achieve the vision, six themes have been identified:

- **Car parks and equipment**

    - Start the installation of additional Electric Vehicle Charging Points (EVCPs) throughout the district with Podpoint
    - Progress discussions, as part of the accommodation review, with ultimate transfer of council office parking to property services
    - Provide a digital method for parking permits to Hood Park Leisure Centre users
    - Introduce Pay by Phone
    - Phased removal of pay and display machines following the cashless payment systems brought in due to the Covid19 pandemic

- **Legal and administration / parking orders**
    - The Strategic Director of Place has delegated authorisation to make amendments to the parking orders
    - Start the process of removing Free after 3pm from the parking orders in Coalville
    - Start the process for changing tariffs in Coalville and Ashby de la Zouch
    - Start the process for charging for short stay parking in Ashby for up to four hours with no return within one hour
    - Give notice on Coalville and Ashby Library car park enforcement contracts
    - Options for Market Hall Car Park to be developed in line with regeneration projects.
    - Look at possibilities for shared service delivery for parking enforcement

- **Asset Transfer**
    - Start the process of asset transfer to parish councils that have expressed an interest in acquiring car parks – Ibstock
    - Options for asset transfer with potential for electric vehicle charging points

- **Charging Tariffs**
    - Review for Christmas free parking
    - Electric vehicle charging point tariffs

- **Review of re-charges**
    - Reallocation of recharges

- **Resources**
    - Service staffing review

3.0 CONSULTATION

3.1 As part of the review process key stakeholders and town and parish councils which have council operated car parks within their boundaries have been engaged, particularly with regard to their interest in asset transfer of non – pay and display car parks.

3.2 Local relevant consultation will be undertaken with key stakeholders including town and parish councils over the three year duration of the plan.

4.0 PLAN DELIVERY

4.1 A report with recommendations and an action plan went to Community Scrutiny Committee on 25 November 2020, the minutes which include comments from members can be found at **Annex B**. Members were generally supportive of the recommendations and it was resolved that the report be noted and comments made be provided to Cabinet when considering the item.

4.2 Running in parallel to this parking review is a service review within the Facilities Team within Environmental Protection to ensure that there is a fit for purpose staffing structure in place to carry forward the recommendations and actions from the review.

4.3 Timelines

Activity	Target Date	Financial Implications
Pay by phone only	2022/23	Savings of £14,160
Increase charges	2021/22	Increased income of £42,740
Remove 'Free after 3' free parking in Coalville	2021/22	* £1,200 for advertising costs as part of the changing parking orders process
Asset Transfer – Ibstock Parish	2021/22	£10,540
Electric charging points, ERDF and capital bids	2021/22	Funds secured; capital funding allocated £115,000 and external grant fund £45,000
Increase short stay - Ashby	2021/22	See * above
Remove charges in Ashby Car Parks between 8am and 9am	2021/22	Estimated £3,000 loss of income
Bring to a close LCC contracts	2021/22	See below
Service efficiency - Includes close of LCC contracts and staffing review	2022/23	Savings target of £17,430

5.0 FININANCIAL IMPLICATIONS

5.1 A summary of the financial implications of each recommendation can be found in the table above, with the detail around each below.

5.2 Tariff Changes

The parking tariffs have not seen an increase since 2009. Recommendation 3 within the Provision of Car Parking Services document found at **Annex A** reflects the need to consider raising charges in line with market trends and neighbouring authorities.

The rationale taken in calculating the proposed increases from April 1 2021 was to reflect a minimal increase rather than one that would meet the 11 soon to be 12 year deficit from no parking tariff increases. This approach would have seen a 36% uplift of the council's 1hr and most popular tariff representing a 22p increase. A more palatable increase of 10p has been proposed with a year on year review which will be aligned with the council's annual fees and charges process.

The other tariffs with proposed increases from April 1 2021 represent a pro rata uplift due to length of stay with greater value for money being offered to season ticket holders who pay up front with greater savings to those regular long stay visitors to the town who purchase a monthly permit.

Based on the 21/22 budgeted car parking income figures the proposed increase in tariffs would generate an estimated additional £42,740 in car parking income per annum, from April 2021.

	Current charge	Proposed charge	Difference	% increase
1 hr	£0.50	£0.60	10p	20%
2 hr	£0.80	£1.00	20p	25%
3 hr	£1.20	£1.50	30p	25%
4 hr (Ashby only)	-	£2.00	-	-
Long stay	£2.00	£2.50	50p	25%
Week	£9.00	£11.00	£2.00	22%
Month	£30.00	£36.00	£6.00	20%

5.3 Potential Savings for going Cashless and Pay by Phone Only.

The highlighted column shows our current position and the savings made now that the machines are no longer taking cash payments. The last column shows the potential savings to be made once there is a channel shift to only taking Pay by Phone payments.

Description	Cash	Cashless (Debit/Credit cards) As a result of covid	Pay by Phone by 2022/23
Collection of Cash	£10,030	-	-
Vandalism/theft (average per year)	£4,500	-	-
Maintenance of machines	£10,000	£4,000	-
Insurance of machines	£720	£300	-
Debit/Credit card charges (8p per transaction + 1.44% of transaction value - estimated average %)	-	£20,620	-
Pay by phone charges (3p per transaction + 2% per transaction value)	-	-	£11,090
Total Estimated Cost	£25,250	£24,920	£11,090
		Saving £330 from cash option	**Saving £14,160 from cash option**

Notes:
Cash is based on 20/21 budgets
Cashless & pay by phone based on 21/22 budgeted income but if each service was 100%

5.3 Asset Transfer to Ibstock Parish Council

Recommendation 21 within the Provision of Car Parking Services document found at **Annex A** includes the proposal to continue conversations with Ibstock Parish Council about the asset transfer of the car park. It would be a condition of transfer that the car park had to remain as car parking for the community and restricted covenant would be added to this transfer.

- Immediate savings to the car parking service: £10,540

5.4 Recommendation 7 within the Provision of Car Parking Services document found at **Annex A** reflects the need to refine staffing and management costs to reflect service reduction due to the reduction of car parks.

- Service staffing review target of £17,430

5.5 **Potential Efficiency Savings**

No	**Item**	**Potential Efficiency Savings**		
		21/22	**22/23**	**23/24**
1	Tariff income increase	£42,740	-	-
2	Asset Transfer	£2,635	£7,905	
3	Pay by phone only	-	£7,000	£7,000
4	Staff savings target	£17,430	-	-
	Total Potential Savings	**£62,805**	**£14,905**	**£7,000**

Policies and other considerations, as appropriate	
Council Priorities:	Developing a clean and green district & Our communities are safe, healthy and connected
Policy Considerations:	None
Safeguarding:	No concerns
Equalities/Diversity:	None
Customer Impact:	There will be an impact on customers – see the action plan in Annex A for details.
Economic and Social Impact:	The economic and social impacts are detailed in the report at **Annex A**
Environment and Climate Change:	Any environmental and climate change impact as a result of the decision is detailed in the report at **Annex A.**
Consultation/Community Engagement:	Engagement with key stakeholders and Parish and Town Councils is detailed in the report at **Annex A**
Risks:	Risks have been managed through the project board
Officer Contact	Paul Sanders Head of Community Services paul.sanders@nwleicestershire.gov.uk

Future Provision for Parking Services 2020 to 2023

North West Leicestershire
District Council

Contents

Introduction

In line with the council's desire for North West Leicestershire to be 'a place where people and businesses feel they belong and are proud to call home', and the need to manage budgets carefully and sensibly, we keep all services under review. The management of car parks is no different.

Our Medium Term Financial Strategy sets out our financial plan for the next five years. It sets out the importance of services being self-reliant and more resilient to future financial changes. With this in mind, a review of the car parking service is timely and important.

The council's 27 car parks which are spread across the district cost £290,000 in 2019 / 2020. This covers the management, maintenance and enforcement, with revenue expenditure of £734,000 (compared to £546,000 in 2015 / 2016 and income of £444,000 (compared to £574,000 in 2015 / 2016) but with no planned capital spend in 2019 / 2020.

This document lays out a new direction which takes account of all the changes and promotes a way forward which meets the needs of residents in the area, protects the provision of car parks and promotes a green agenda going forward.

Our options

A number of options have been examined to change the way car parks are managed and operated by NWLDC in the future. These are:

Disposal of car parks

- To the Belvoir Centre
- Through asset transfer to parish councils
- Where car parks were not attractive as transferable assets to parishes we would consider: review of tariff charges, electric charging points, disposal.
- Terminating contracts with third parties i.e. Royal Hotel and Leicestershire County Council
- A more appropriate parking tariff to reflect the regeneration programme in Coalville.

Changes to parking arrangements in Ashby de la Zouch

- Review of charges and tariff charging periods; increasing the maximum short stay in Ashby to three hours from two hours.

Green issues

- Additional infrastructure for electrical vehicle charging points and income.

The following options have implications in terms of the service provided to communities as well as a financial impact.

- The option of Automatic Number Plate Recognition (ANPR), although this has a limited application
- Car park private management (outsourcing)

Where are we now?

A parking strategy adopted by the council in 2016 included a series of fundamental decisions:

- No parking price rises until 2020
- Introduction of 'free after 3pm' parking in Coalville
- Purchase of new ticket machines
- Consider releasing parking space in Coalville for regeneration (if required)
- Introduction of new weekly and monthly tickets for Coalville
- An additional car park in North Street, Ashby

The first of these decisions meant that there has been no increase in parking charges, but costs have continued to rise. This means that the existing deficit will continue to increase unless there is a change in strategy. Car parking fees have not increased since 2008 / 2009.

It is difficult to predict the impact that free parking after 3pm in Coalville has had on income but the 2016 strategy costed this at £50,000.

The Transparency Code requires local authorities to publish information about parking accounts and parking spaces by 2 February 2015 and thereafter at least on an annual basis. Therefore the council produce and publish the car park trading account each year which includes both net revenue and capital expenditure over a rolling three year period. As a local authority, NWLDC are required to publish their parking account in accordance with Section 55 of the Road Traffic Regulation Act 1984 as modified by Regulation 25 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007.

As at the 31 March 2020 the council's car park trading account was in deficit by £ £1.874 million.

A significant proportion of this deficit has arisen due to the capital investment in car parks over a 3 year period 2016/17 to 2018/19 of £1.1 million.

This capital spend includes the extension of North Street Car Park in Ashby which involved the purchase of the old Ashby health centre for £255,000 with further associated works costing £708,000. We also bought and installed new pay and display machines throughout the districts car parks at a cost of £114,000.

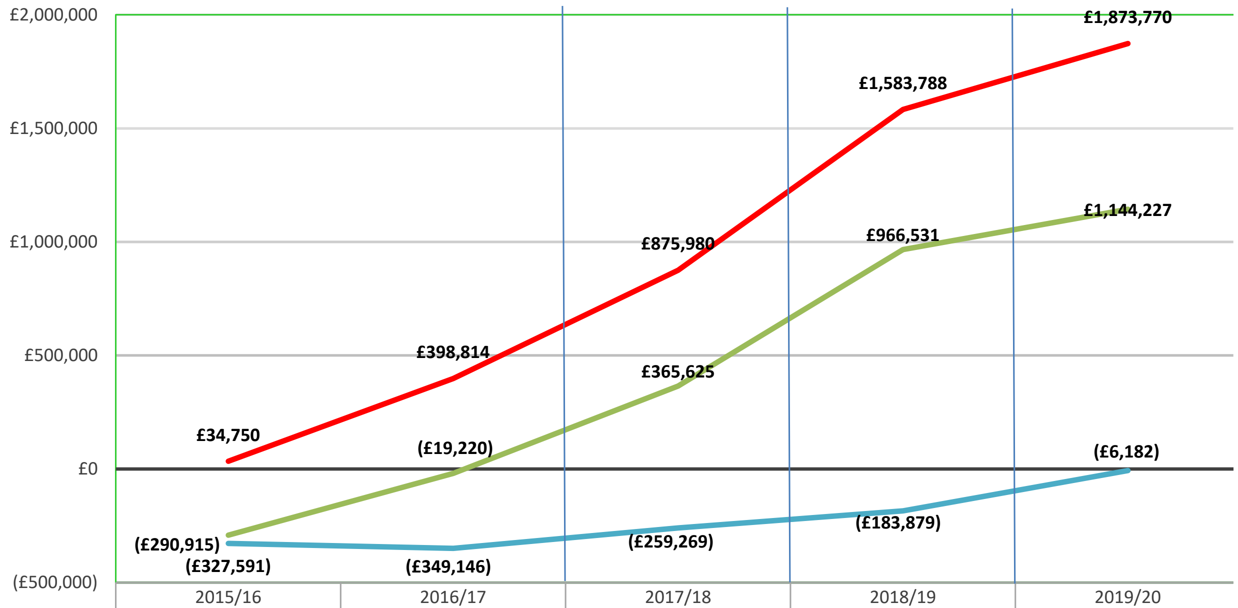
Due to the Covid19 pandemic, the council's car park account is in greater deficit due to parking charging ceasing in March 2020 and not charging again until June 2020. These figures are shown throughout the report.

The revenue costs of running the district car parks (e.g. employees, business rates, electricity, maintenance, water charges, transport, cash collection, sweeping and litter picking, enforcement) have increased over the last couple of years along with reduced income, leading to a revenue deficit of £290,000 in 2019/2020. The major variances over the last few years have seen an increase in business rates (NNDR) of £94,000 and a reduction in income of £95,000.

The table below shows the car parking trading account from 2015 / 2016 onwards. It highlights the impact the capital investment h had over the last three years and what the estimated impact would have been if pay and display tariffs had increased annually by 2.5% from 2009 / 2010.

Where are we now?

Car park trading account 2019 / 20

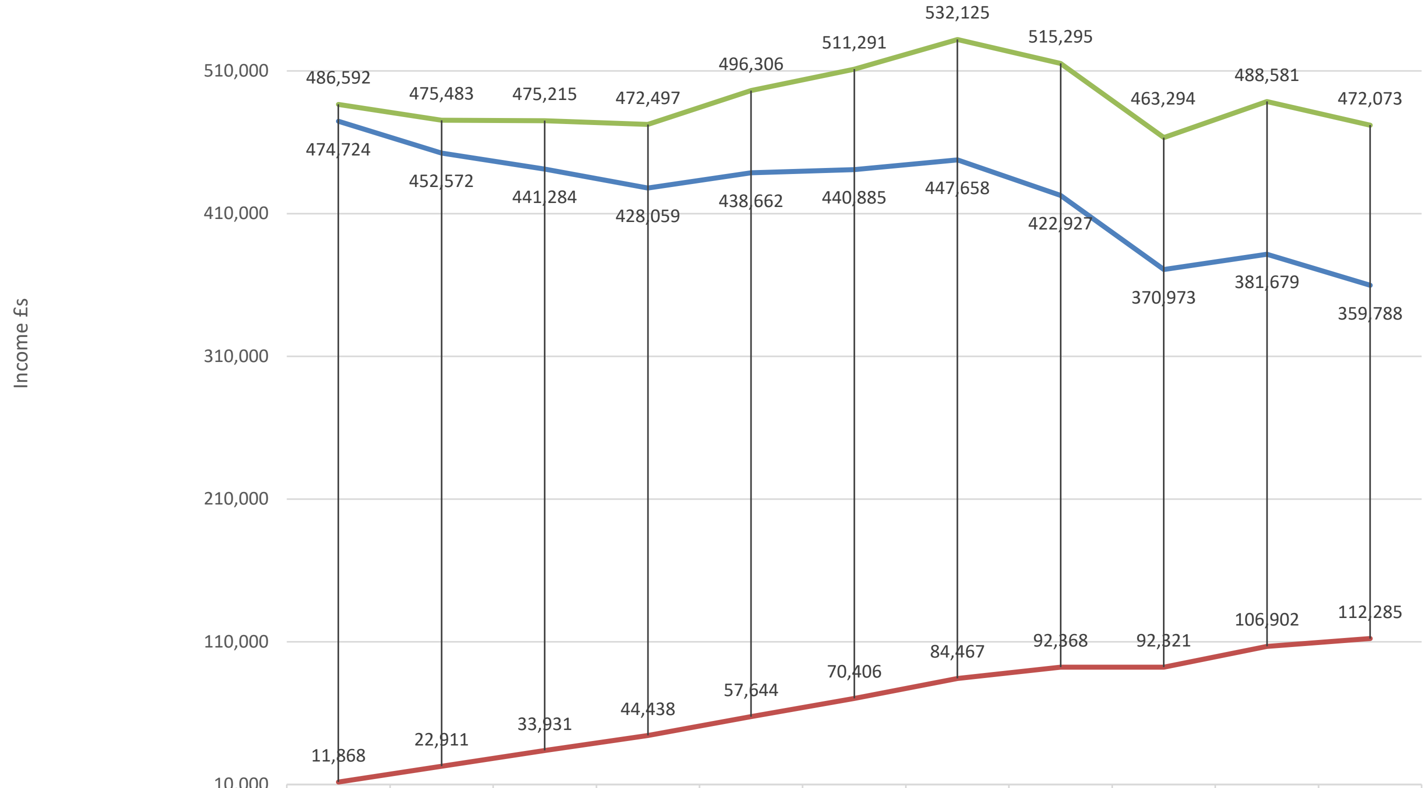


	2015/16	2016/17	2017/18	2018/19	2019/20
Current position	£34,750	£398,814	£875,980	£1,583,788	£1,873,770
If 2.5% yearly increase in Pay & Display tariffs from 2009/10	(£290,915)	(£19,220)	£365,625	£966,531	£1,144,227
If 2.5% yearly increase in Pay & Display tariffs from 2009/10 & no capital investment	(£327,591)	(£349,146)	(£259,269)	(£183,879)	(£6,182)

The figures show that if there had been an annual 2.5% increase in charges since prices were last increased in 2008 / 2009 the deficit would have decreased by £729,543, and if the capital investment hadn't taken place over the last three years the trading account would be showing a small surplus of £6,182.

Where are we now?

Estimate impact on income if tariffs had increased annually by 2.5% over the last 11 years



	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Actual Pay & Display income	474,724	452,572	441,284	428,059	438,662	440,885	447,658	422,927	370,973	381,679	359,788
In year loss of income	11,868	22,911	33,931	44,438	57,644	70,406	84,467	92,368	92,321	106,902	112,285
income if 2.5% yearly increases applied	486,592	475,483	475,215	472,497	496,306	511,291	532,125	515,295	463,294	488,581	472,073

The estimated loss of income from not increasing parking tariffs since 2008 / 2009 is highlighted above and is estimated that additional income of £729,542 could have been generated.

Where are we now?

The below table shows the impact of a yearly 2.5% increase on the car parking tariff.

Pay and display tariffs if yearly increases of 2.5% had been applied from 2009 / 2010 onwards													
	19/20 Current	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
1hr	£0.50	£0.51	£0.53	£0.54	£0.55	£0.57	£0.58	£0.59	£0.61	£0.62	£0.64	£0.66	£0.67
2hr	£0.80	£0.82	£0.84	£0.86	£0.88	£0.91	£0.93	£0.95	£0.97	£1.00	£1.02	£1.05	£1.08
3hr	£1.20	£1.23	£1.26	£1.29	£1.32	£1.36	£1.39	£1.43	£1.46	£1.50	£1.54	£1.57	£1.61
Day	£2.00	£2.05	£2.10	£2.15	£2.21	£2.26	£2.32	£2.38	£2.44	£2.50	£2.56	£2.62	£2.69
Week	£9.00	£9.23	£9.46	£9.69	£9.93	£10.18	£10.44	£10.70	£10.97	£11.24	£11.52	£11.81	£12.10
Month	£30.00	£30.75	£31.52	£32.31	£33.11	£33.94	£34.79	£35.66	£36.55	£37.47	£38.40	£39.36	£40.35

Finance - Payment

143

North West Leicestershire District Council currently operates 23 car parks. Of these, 14 require some form of payment. These are serviced by 19 payment machines which take cash and cards. In addition, payment can be taken online using 'Mi permit' season ticket applications.

Operational issues with machines taking cash regularly results in significant operational costs both in terms of collection of the cash and the result of damage to the machines due to attempted theft. Vandalism of pay and display machines between August 2017 and August 2019 cost the council £9,000. £10,000 per year is included in the maintenance budget to maintain the parking machines within the district. The percentage of transactions using cash is slowly declining and it is now time to start the move towards a totally cashless system.

The removal of pay and display cash collections would create a saving of £10,030 a year. To adapt all pay and display machines to become cashless would incur a one off cost of £300 per machine. Savings could be made by adapting 50% of the machines at the same time.

It is proposed to pilot the move towards a cashless system in both Coalville and Ashby during 2020 / 2021. If the pilot proves to be effective this will be rolled out across all pay and display car parks during 2020 / 2021, with machines being removed by 2022. This phased approach will allow people using the car parks to get used to the new systems. The cost of bringing in the pilot, assuming that 10 are adjusted, would be in the region of £210 per machine.

Recommendation 1 – Pilot cashless machines with card payments only. Already implemented due to Covid 19 in June 2020.

Alternative payment methods in neighbouring areas

Harborough District Council is up and running with pay by phone car parking, having 5,000 transactions in October 2019. This amounts to 6% of all transactions. It was predicted to reach 5% of transactions by the end of year one (July 2020) but this has already been achieved in the first quarter. It is now felt that pay by phone transactions could be as high as 20% of total transactions by the end of year one.

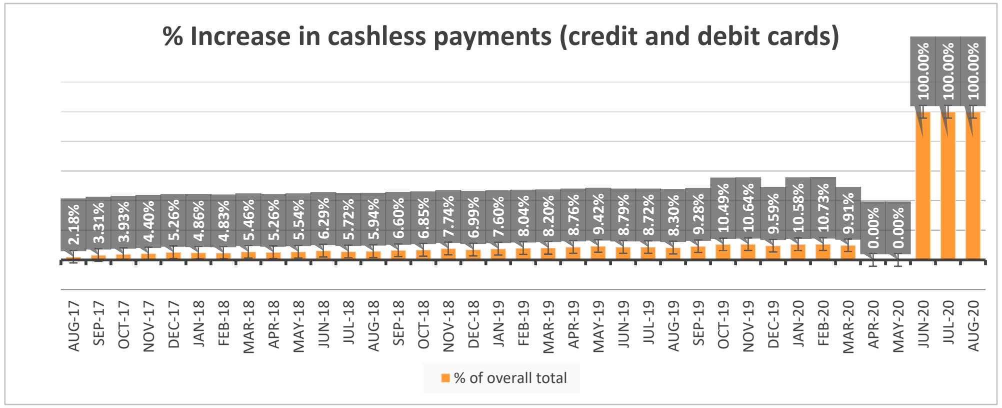
Blaby District Council and Melton Borough Council are both actively looking at pay by phone as another cashless solution.

Oadby and Wigston Borough Council offers free parking across its parking service so has no need for pay by phone technology, whilst Hinckley and Bosworth Borough Council has considered pay by phone but recently decided to re visit it in the future.

NWLDC has the ability to join a service level agreement for the implementation of pay by phone. This would be relatively simple with an initial cost requirement for signage and associated set up costs in the region of £6,000. We would then be charged between 3 pence and 8 pence per transaction plus VAT but the cost of this could be passed on through parking charges. Cash collection charges would have to be compared to transaction charges of using pay by phone to determine the benefits.

Recommendation 2 – Pilot pay by phone - already implemented.

Due to the onset of Covid19, the benefits of Pay by Phone offering a cashless system and additional means of payment has meant that we were able to implement this technology which was launched in July 2020.



Of the nine car parks in Coalville, all sites are owned and managed by NWLDC, with the exception of the Coalville Library Car Park, which is owned by Leicestershire County Council and managed by NWLDC under contract. In total the 2020 / 2021 budgeted cost to operate the car parks in Coalville is £207,045, which equates to £211 per space.

NWLDC has the lowest car parking fees in Leicestershire, the only exception being Oadby and Wigston where three hours parking are provided for free at all car parks – See Table 2. The parking tariffs have not been increased in 11 years.

Recommendation 3 – A need to consider raising charges in line with the market and neighbouring authorities.

Ashby – car parking charges

Unlike Coalville, Ashby's car parks are already operating close to, if not at, capacity. Any increase in drivers wishing to park in Ashby will result in an increase in the gap between parking supply and demand, with residents and visitors finding it harder to find a car parking space if the provision of parking space does not increase. Ashby is already a very busy town with a high footfall. The council would have experienced a significant loss of income if it had introduced the 'free after 3pm' parking scheme in Ashby as well as Coalville. The closure of the Royal Hotel car park had an impact on the amount of parking spaces available to residents and visitors to the town but also, on the long stay parking provision in Ashby.

Coalville – car parking charges

The Market Hall Car Park is located in Coalville, adjacent to the market hall and consists of 188 spaces including 13 disabled bays. Parking is free and not time restricted in 90 spaces. Parking charges apply to the remaining spaces, which are restricted to a maximum stay of three hours. . Observations confirm that the car park is busy and practically full at busy times with a high turnover of vehicles. The car park provides easy access to the market hall and the Belvoir Shopping Centre.

The previous parking strategy recommended a number of pricing initiatives to boost town centre trade in Coalville. 'Free after 3pm' is an initiative that is used in a number of towns to boost trade in quiet periods, typically targeting shoppers with flexibility on their time of visit and after school shopping. The 'free after 3pm' initiative was thought to help boost the early evening economy in shops, cafes, restaurants and bars. Free after 3pm was introduced in Coalville in January 2017, providing free parking in all Coalville car parks between 3pm and 5pm Monday – Saturday with no tickets being required from 3pm.

It was estimated that 'free after 3pm' would reduce car parking revenue by £50,000 a year, but latest figures suggest this is closer to £90,000 a year. There is no firm evidence to reflect the impact of 'free after 3pm'; this would have been possible if drivers had been required to display a free pay and display ticket, but this option was discarded as being prohibitive to car park users.

Due to the sale of the 3 car parks to the Belvoir Shopping Centre, and with Market Hall car park being in close proximity to the Belvoir Shopping Centre, North West Leicestershire District Council needs to consider amending it's free parking tariff up to 3 hours free to mirror the nearby shopping centre owned car parks.

Recommendation 4 – Market Hall align charges to Belvoir Centre car parks.

Recommendation 5 – Stop "Free after 3pm".

Recommendation 6 - Continue offering free parking on Saturdays during the festive period.

Finance - Charging

Table 1.

Coalville car parks	Owner	Number of parking spaces		Length of permitted stay (>3hrs)
		Standard	Disabled	
Needham's Walk	NWLDC	106	2	Short
Margaret Street	NWLDC	38	5	Short
North Service Road	NWLDC	74	0	Long
London Road	NWLDC	86	3	Long
Council Offices	NWLDC	158	4	Long
Bridge Road	NWLDC	233	8	Long
LCC Library	Leicestershire County Council	15	1	Long
James Street	NWLDC	54	4	Long
Market Hall	NWLDC	175	13	Short and Long (90 free spaces)
TOTAL		939	40	

Ashby car parks	Owner	Number of parking spaces		Length of permitted stay (>3hrs)
		Standard	Disabled	
North St (including extension)	NWLDC	71	5	Short
LCC Library	NWLDC	29	1	Short
Brook St	NWLDC	10	1	Short
South St	NWLDC	55	2	Long
Hood Park Leisure Centre (including extension)	NWLDC	90	3	Short and Long
TOTAL		255	12	

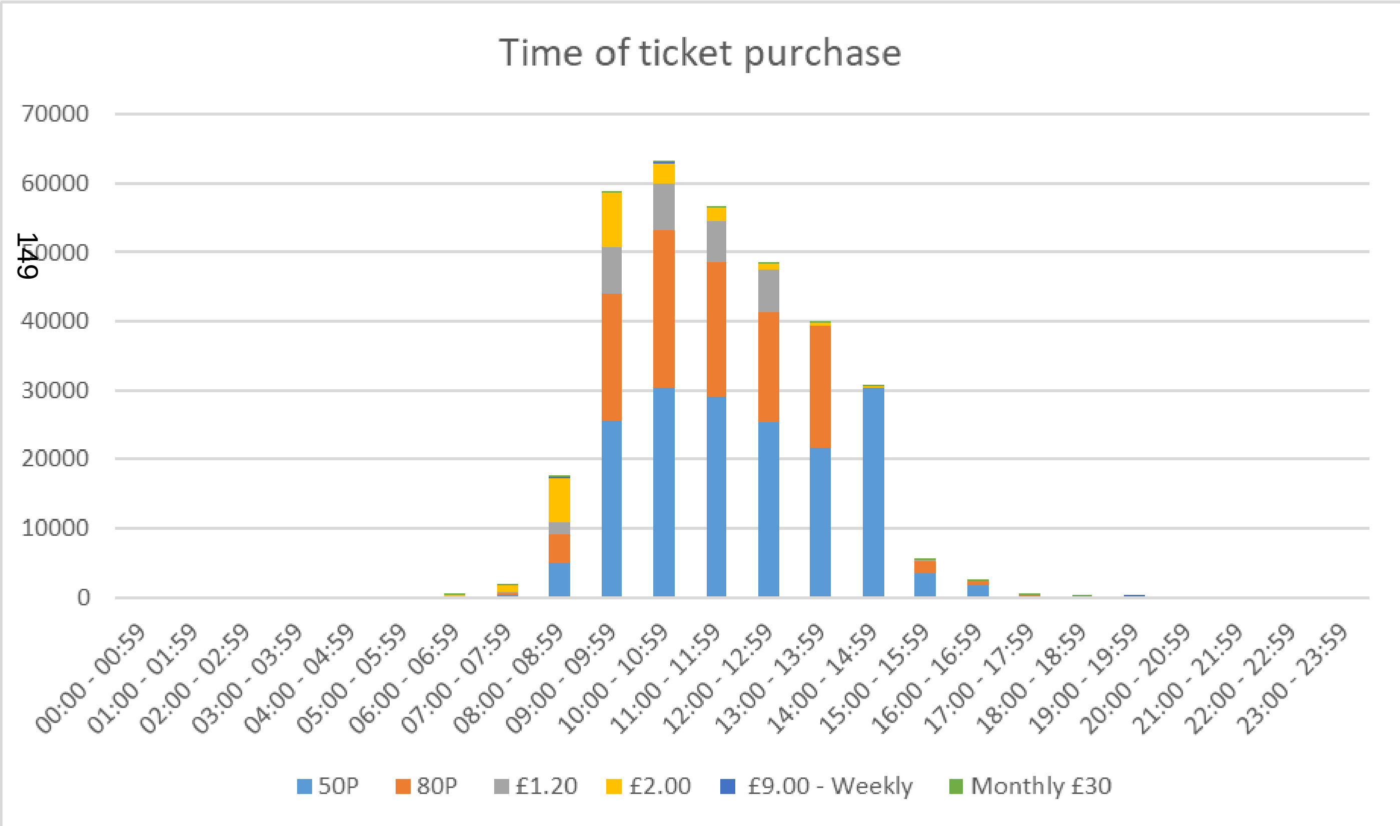
Finance - Charging

Table 2.

Local authority		Town centre weekday parking charge <1hr	<2hrs	<3hrs	<4hrs	<5hrs	Long stay
NWLDC		50p	80p	£1.20			£2
East Staffordshire			£1	£2			£5
South Derbyshire		FREE parking					
Broxtowe		FREE	£1	£1.50			
Oadby and Wigston		FREE parking					£
Charnwood	Loughborough	60p	£1.60	£2.20	£3.20	£4.90	£6
	Browns Lane	£1.10	£3.20				
Blaby		FREE	FREE	50p	£1.50		£5
Market Harborough			£1	£1.50	£2.50		£6
Hinckley		60p	£1.20	£2	£3		£6
Melton	Short stay	80p	£1.60	£2.60	£3		
	Long stay			£1.50			£3.50
Ashfield		Free	60p	£1.50			£2
Erewash		Free	£1.50	£2			£

Finance - Charging

At the moment parking is charged from 8am to 3pm in Coalville. The peak time for purchase is from 10am with a steady drop off during the day.



Car parks in Coalville

North Service Road, Needham's Walk and Bridge Road

There has been a long standing plan to redevelop the centre of Coalville. At the heart of the redevelopment is the Belvoir Shopping Centre which has recently changed ownership to Gylo. NWLDC has now sold three of the nearby car parks to the new land owners.

This means, Gylo will be fully responsible for the operation and maintenance of the following car parks:

- North Service Road
- Bridge Road
- Needham's Walk

	North Service Rd	Bridge Rd	Needhams Walk
No. of spaces	74	233	106
No. of disabled spaces	0	8	2

This process has required an amendment to the Off Street Car Parking Order 2010. This order sets out where all the councils' car parks are, what land can be used as a car park, how long a car can be parked, the charging policies, and how these can be enforced.

The new owners of the car parks provide up to two hours free parking, which is monitored by automatic number plate recognition (ANPR).

ANPR is not an option available to NWLDC due to restrictions on public bodies about how enforcement can be legally carried out (see section page 44, Appendix 1 on ANPR for more detail).

The sale of the three car parks will not realise any immediate net revenue savings for the Council . But there could be potential future savings of £64,399 as shown in the table below depending on the outcome of future staffing reviews and whether internal savings from service management can be achieved. In future years there will be savings in the capital programme as these car parks would no longer be maintained by NWLDC.

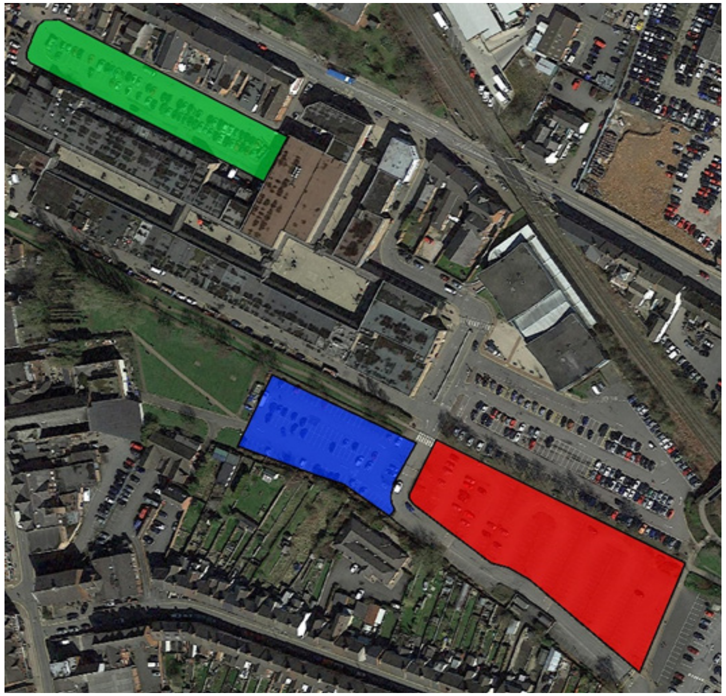
Recommendation 7 – Refine staffing and management costs to reflect service reduction

Car parks in Coalville

North Service Road, Needham's Walk and Bridge Road

Bridge Road, Needham's Walk and North Service Road Car Parks	£
Immediate savings	
Direct costs	97,127
Other internal service costs *	22,973
Loss of income	-120,519
Net direct costs	-419
Potential future savings	
Employee and indirect costs (including enforcement)	38,793
Service management	25,606
Total indirect costs and overheads	64,399
Costs to be reallocated	4,046
Total budgeted cost 2020/21	68,026

* Internal service areas to reduce costs or achieve higher income streams.



Picture A:
Red – Bridge Road
Blue – Needham's Walk
Green – North Service Rd

152

Leicestershire County Council Library Car Park

The library car park is owned by Leicestershire County Council (LCC) and enforced by NWLDC. It is a long stay car park and has 15 standard parking spaces and 1 disabled parking space.

That the Coalville Library Car Park enforcement contract is terminated with LCC. This would mean an immediate increase in cost to the council of £3,861 but with potential future savings of £11,476.

If the Library Car Park enforcement contract is terminated, along with the sale of the Belvoir Centre car park, this will not realise any immediate revenue savings for the council based on 2020/21 budgets but there could be potential savings of £75,875 dependent upon the outcome of future staffing reviews and whether internal savings from service management can be achieved.

LCC Library Car Park - Coalville	£
Immediate savings	
Direct costs	12,240
Loss of income	-16,101
Net direct costs (surplus)	-3,861
Potential future savings	
Employee and indirect costs (including enforcement)	7,719
Service management	3,757
Total indirect costs and overheads	11,476
Costs to be reallocated	748
Total budgeted cost 2020/21	8,363

Market Hall Car Park

As part of the Coalville regeneration plans, the existing market will be relocated to Newmarket on Marlborough Square. This will leave opportunities for the existing market hall to be redeveloped in the future so NWLDC is retaining ownership of the associated Market Hall Car Park and this has not been part of the Belvoir Shopping Centre car park purchase.

However, the owners of the Belvoir Centre offer two hours free parking in the car parks that they have acquired; Bridge Road, Needham's Walk and North Service Road. This means that the council needs to review its strategy for charging on the Market Hall Car Park.

As part of the council's Being More Business-Like Strategy, the parking service is introducing an events policy that will ensure all its parking assets are used whenever possible for none parking events and activities.

This is especially relevant for the Market Hall Car Park which can accommodate events and activities to encourage greater foot fall and vibrancy to the town. It is already a well-established location in the town for holding events, including the annual Christmas in Coalville event and other market-related events.

Recommendation 8 – re-evaluate charging policy

Covenants

Two covenants cover the Market Hall. One is for the market to be a market and the other is about access to Hotel Street.

The only covenant to be lifted in the deal with the Belvoir Centre owners is that the market hall no longer has to be used as a market. This has been replaced with a new covenant stating that it can be a market hall, parking, cinema or residential properties for the first five years, thereafter it can be whatever the landowners want.

There is no change to the covenant that controls access via Hotel Street.

Market Hall Car Park currently contains 70 free spaces for all day parking under a lease condition with the owners of the Belvoir Centre. Legal advice is that this requirement to provide these free parking spaces will fall away with the sale of Bridge Road Car Park. Which means NWLDC will no longer have to provide 70+ free all day parking spaces within Market Hall Car Park.

Recommendation 9 – review charges required at Market Hall Car Park

Car parks in Coalville

Market Hall and Leicestershire County Council Library

	LCC Library	Market Hall
No. of spaces	15	175
No. of disabled spaces	1	13

154

Picture C:
Red – LCC Library

Car parks in Coalville

Market Hall and Leicestershire County Council Library

155

Picture B:
Yellow – Market Hall

Car parks in Coalville - James Street and Margaret Street

In May 2018 the 24 one hour parking spaces on Marlborough Square were suspended ahead of work starting on the redesign of the public space.

The 24 spaces were displaced and car parking orders were amended to accommodate 24 one hour parking spaces between both Margaret Street James Street Car Parks.

NWLDC felt this best represented the requirements of residents and prospective shoppers to the new indoor market provision and the exciting proposals being planned for Marlborough Square

Recommendation 10 - NWLDC maximises the potential of these two parking assets and keeps the current charging arrangements as they are in a prime locations to service the regeneration goals of Coalville including the Belvoir Shopping Centre, Marlborough Square and the Newmarket.

As a result of the Belvoir Shopping Centre acquiring Bridge Road, Needham's Walk and North Service Road Car Parks, the town will have 340 spaces.

Picture D:
Red – James Street

Car parks in Coalville

James Street and Margaret Street

Picture E:
Red – Margaret Street

Car parks in Coalville - Council Offices and London Road

As part of this review, the use of these car parks has been analysed.

The surveys have shown that council staff vehicles make up 90% of the two car parks surrounding the council offices from Monday to Friday. It is predominantly used by residents at the weekend. Since the Covid19 pandemic, the smaller car park shown in blue on Picture F has been used for police staff working within the council offices. At present, property services have been liaising with the police about their longer term aspirations and their parking requirements.

As part of the Council's People Plan, the introduction of agile working was already a high priority. Due to the Covid19 pandemic, the agile working policy has been bought forward along with the accommodation review. It's perceived that staff parking requirements have been heavily reduced and now only have a 30% occupation. These car parks will be reviewed as part of the customer services and property services review.

In addition to this, there is currently an office accommodation review which may impact the parking service. This review is in the medium to long term but, along with the agile working, may see the need for parking spaces reduced by potentially up to 25%.

Enforcement will still be required to ensure compliance. It is recommended that these car parks would transfer to property services which would therefore have budgetary responsibility for this as a council asset.

As part of the council's commitment to reducing its carbon footprint electric vehicle charging points will be provided for staff and works vehicles.

Electric vehicle charging points are covered in greater detail later in this report but it is clear through the council's own delivery plan that charging points will be required to service the council's fleet of electric vehicles in the coming years.

Should these car parks be changed to staff use only, including electric vehicle charging for council vehicles only, it will be sensible to remove these car parks from the car park trading account. They would therefore no longer be public car parks that generate income.

It is suggested that charging tariffs for visitors remain the same on London Road Car Park.

Recommendation 11 – feasibility studies for electric vehicle charging points on Council Offices Car Parks, it should be noted that the London Road car park is currently being used as a covid 19 testing centre.

Car parks in Coalville

Council Offices and London Road

	Council Offices	London Road
No. of spaces	158	86
No. of disabled spaces	4	3

159

Current vehicle fleet

Vehicle type	Number of vehicles
Light vehicles	9
Cars	4
Medium vehicles	49
Light tippers	10
Medium lorries	5
Kerb siders	6
Refuse vehicles	16
Food	1
sweepers	5
Total	105

Car parks in Coalville

Council Offices and London Road

Coalville car parks	Market Hall	James Street	Margaret Street	Council Offices	London Road	Total
	£	£	£	£	£	£
Direct costs	42,960	14,747	9,049	11,411	18,535	96,702
Other internal service costs	5,339	5,021	3,744	2,430	2,154	18,688
Income	-40,941	-19,310	-21,334	-15,054	-14,207	-110,846
Net direct costs	7,358	458	-8,541	-1,213	6,482	4,544
Employee and indirect costs (including enforcement)	19,251	11,911	10,167	21,237	11,588	74,154
Service management	12,358	6,942	5,727	12,880	7,055	44,962
Other internal recharges	1,876	1,135	994	1,908	1,083	6,996
Total Indirect costs and overheads	33,485	19,988	16,888	36,025	19,726	126,112
Total budgeted cost 20/21	40,843	20,446	8,347	34,812	26,208	130,656

*The above figures exclude any capital expenditure.

Car parks in Coalville
Council Offices and London Road

Picture F:
Blue – Council Offices
White – Council Offices
Red – London Road

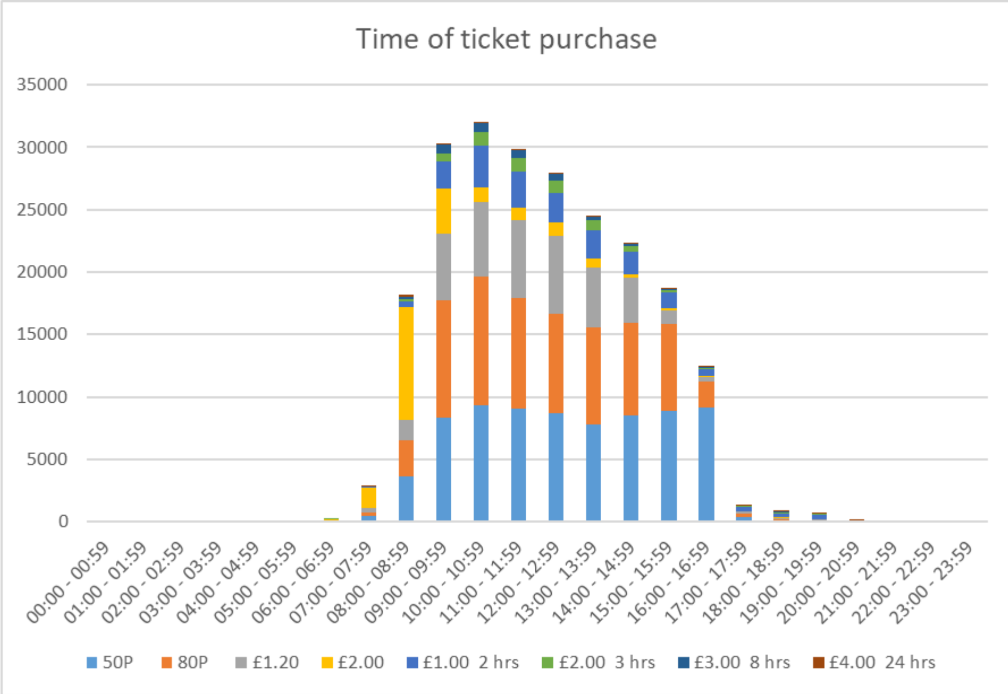
161

Car parks in Ashby de la Zouch

Four car parks in Ashby de la Zouch are owned by NWLDC. The Library Car Park is owned by Leicestershire County Council but managed under contract by NWLDC. Three additional car parks in the town are owned and operated privately. These are located on Coxon Mews, Rushton's Yard and Ashby Co-op on Market Street.

In total the 2020/21 budgeted cost to operate the car parks in Ashby is a surplus of £24,058 which equates to a surplus of £90 per space.

At present, parking is charged from 8am to 5pm. The peak time for purchase is from 10am with a steady drop off during the day.



Car parks in Ashby de la Zouch

163

Evidence suggests that between 8am and 9am on weekdays is a busy time of the morning particularly for people dropping off at nurseries or schools, and have early morning medical appointments. Therefore, to ease the pressure of finding parking spaces, it is proposed to remove the charge on Ashby car parks between 8am and 9am with free parking provided for this hour.

Ashby has a vibrant night-time economy, Purple Flag status and heritage interests, and is a busy market town. The car parks are well used and are at full capacity throughout the day and at weekends. They are vital assets to NWLDC and critical to income generation and as a result, we wouldn't look to transfer or sell these assets. The council wants to support the town and encourage increased dwell time for visitors, and is proposing to change the minimum stay from two hours to three hours, with no return within one hour.

Local pubs and restaurants in the area would benefit from the car parks being available for patrons to park, rather than the spaces being taken up by residents, which is currently the situation. Therefore, by introducing charges between 5pm and 7pm it is hoped that this would support the night-time economy. The income generated from this charging period will obviously help to offset the one hour free parking proposed between 8am and 9am on weekdays. (It is estimated that offering the free hour would cost the council approximately £3,000.)

The council's portfolio holder for community services has conducted surveys during the period of this review and has identified the lack of appetite to change the current parking times. Therefore, the idea to implement such changes will be reviewed at a later date.

Recommendation 12 – Introduce charges between 5pm and 7pm to support Ashby's night time economy - Due to the surveys carried out by the portfolio holder, these ideas will be reviewed at a later date.

Recommendation 13 – Remove charges from 8am-9am to support parents dropping off at schools, nurseries and early medical appointments - Due to the surveys carried out by the portfolio holder, these ideas will be reviewed at a later date.

Recommendation 14 – Increase the short stay car parks from up to 3 hours to up to 4 hours and no return within 1 hour.

As part of the council's commercial agenda, the parking service will introduce an events policy that will ensure all its parking assets are used where possible for none parking events and activities. This is especially relevant in Ashby where a number of the car parks could accommodate events and activities to encourage greater footfall and vibrancy in the town.

Recommendation 15 – To continue to offer free parking for users of Hood Park Leisure Centre

We do not intend to charge users of Hood Park Leisure Centre to park because the council's health and wellbeing strategy promotes healthy lifestyles and does not want parking charges to be a barrier. This approach also supports our partnership with Everyone Active and therefore doesn't transfer any additional costs to the running of the leisure centre. Leisure centre users will be able to log on to a digital system to register their vehicle so as they don't incur any expense or risk of a parking fine.

Recommendation 16 – Install digital device at Hood Park in order to allow leisure centre users to park free of charge.

Ashby Library is owned by Leicestershire County Council (LCC) and enforced by NWLDC. It is a short stay car park and has 29 standard parking spaces and 1 disabled parking space. At present, the enforcement contract is not cost effective. If the contract was terminated, it would mean an immediate increase in cost to the council of £1,000 but with the potential future savings of £6,000.

Recommendation 17 – terminate the contract with Leicestershire County Council

The Royal Hotel terminated its contract with NWLDC parking enforcement service in 2019 as the company chose to permanently close its car park due to health and safety issues. The parking orders relating to this car park were suspended in September 2019 and the orders will be removed in due course when revised parking orders are created as a result of this review.

Recommendation 18 – Remove parking order for The Royal Hotel

Car parks in Ashby de la Zouch

Ashby car parks	Brook Street	Hood Park Leisure Centre	North Street	South Street	Total
	£	£	£	£	£
Direct costs	3,865	15,223	27,924	12,479	59,491
Other internal service costs	1,767	1,739	5,565	3,530	12,601
Income	-14,489	-9,098	-99,851	-38,989	-162,427
Net direct costs	-8,857	7,864	-66,362	-22,980	-90,335
Employee and indirect costs (including enforcement)	6,195	2,926	17,836	7,495	34,452
Service management	3,206	3,252	10,779	4,601	21,838
Other internal recharges	604	305	2,108	873	3,890
Total Indirect costs and overheads	10,005	6,483	30,723	12,969	60,180
Total budgeted cost 20/21	1,148	14,347	-35,639	-10,011	-30,155

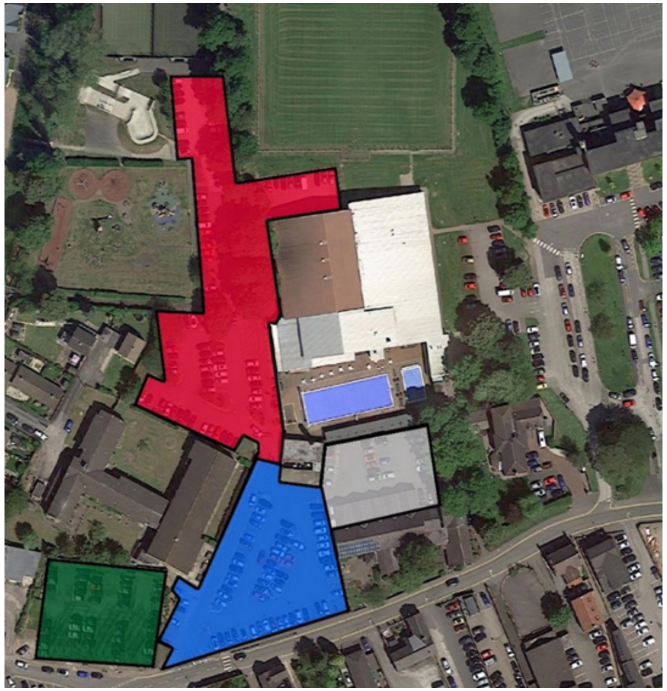
Car parks in Ashby de la Zouch

166

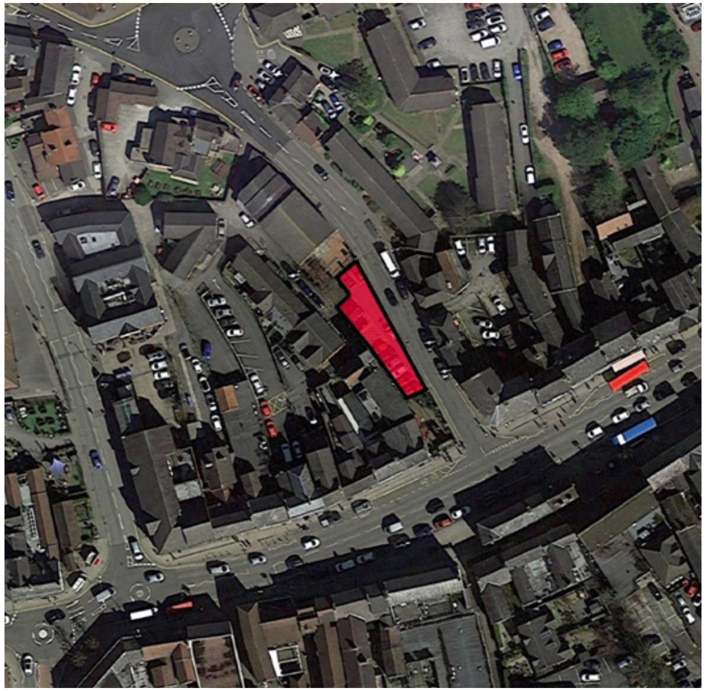
LCC Library Car Park - Ashby	£
Immediate savings	
Direct costs	6,033
Loss of income	-6,590
Net direct costs (surplus)	-557
Potential future savings	
Employee and indirect costs (including enforcement)	4,206
Service management	2,047
Total indirect costs and overheads	6,253
Costs to be reallocated	401
Total budgeted cost 2020/21	6,097

Ashby car parks	Owner	Number of parking spaces Standard	Disabled	Length of permitted stay (>3hrs)
North St (including extension)	NWLDC	71	5	Short
LCC Library	NWLDC	29	1	Short
Brook St	NWLDC	10	1	Short
South St	NWLDC	55	2	Long
Hood Park Leisure Centre (including extension)	NWLDC	90	3	Short and Long
TOTAL		255	12	

Car parks in Ashby de la Zouch



Picture G:
Red – Hood Park
White – Library
Blue – North Street
Green – North Street extension



Picture H:
Red – Brook Street

Car parks in Ashby de la Zouch

Picture I:
Red – South Street

Car parks in Whitwick

169

Whitwick has four carparks - City of Dan, Vicarage Street, Market Place and Hermitage Leisure Centre.

Hermitage Leisure Centre is by far the biggest asset in Whitwick. However this is part of a regeneration project on the new Hermitage Recreation Ground Project and will be kept as is for the time being.

As part of the car parking review Whitwick Parish Council was approached to see if they would be interested in transferring any of the car parks to its ownership. The parish council declined and confirmed that they weren't interested in any asset transfer. The following options are available for the three smaller carparks as follows:

- Introducing car parking tariffs
- Creating Electric Vehicle Charging Points (EVCPs) – this would be particularly beneficial as there are residential areas surrounding these car parks
- Sell freehold of the land

Recommendation 19 – instruct feasibility studies for the future use of EVCP's and look at selling the freeholds of land. Feasibility studies took place on 10th August 2020.

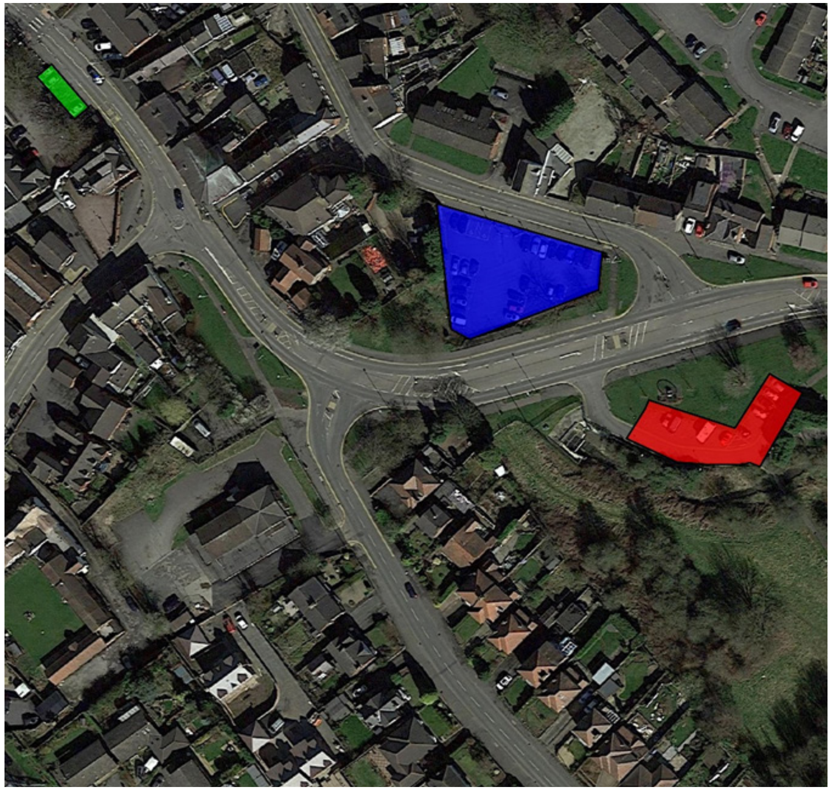
	Vicarage Street	City of Dan	Market Place	Hermitage Leisure Centre / Silver Street
No. of spaces	28	18	5	158
No. of disabled spaces	2	-	1	5

Car parks in Whitwick

Whitwick car parks	Vicarage Street	City of Dan	Market Place	Hermitage Leisure Centre / Silver Street	Total
	£	£	£	£	£
Direct costs	3,551	406	134	22,361	26,452
Other internal service costs	1,785	2,377	909	3,821	8,892
Income	-287	0	-29	-234	-550
Net direct costs	5,049	2,783	1,014	25,948	34,794
Employee and indirect costs (including enforcement)	414	51	424	421	1,310
Service management	647	311	286	2,717	3,961
Other internal recharges	36	4	37	36	113
Total indirect costs and overheads	1,097	366	747	3,174	5,384
Total budgeted cost 2020/21	6,146	3,149	1,761	29,122	40,178

Car parks in Whitwick

Picture J:
Red – Leisure Centre



Picture K:
Blue – Vicarage Street
Red – City of Dan
Green – Market Place

Car parks in Castle Donington

Castle Donington has three car parks - Borough Street, Clapgun Street and Hillside.

Castle Donington Parish Council had expressed an interest in taking on the car parks in the village as assets. NWLDC officers attended a full council meeting in early December 2019 to provide further information and to answer questions regarding the transfer of these assets. At the conclusion of the meeting, the parish council voted not to pursue any asset transfer options.

The following options are available for the car parks as follows:

• Introducing car parking tariffs / transfer to private operator

• Creating Electric Vehicle Charging Points (EVCPs) – this would be particularly beneficial as there are residential areas surrounding these car parks

• Sell freehold of the land

In addition to the council owned car parks in Castle Donington, NWLDC also enforces on behalf of the parish council at Hillside car park which is owned by the church. Having reviewed this contract, it is not financially viable for the council to continue to offer this service to the parish council and it is recommended that as part of this review, notice is given to terminate the enforcement contract in line with the contract terms. This will provide efficiency savings for our service.

Recommendation 20 – instruct feasibility studies for the future use of EVCP's and look at selling the freeholds of land. Also, terminate the enforcement with the parish council to make the service more. Feasibility studies took place on 10th August 2020.

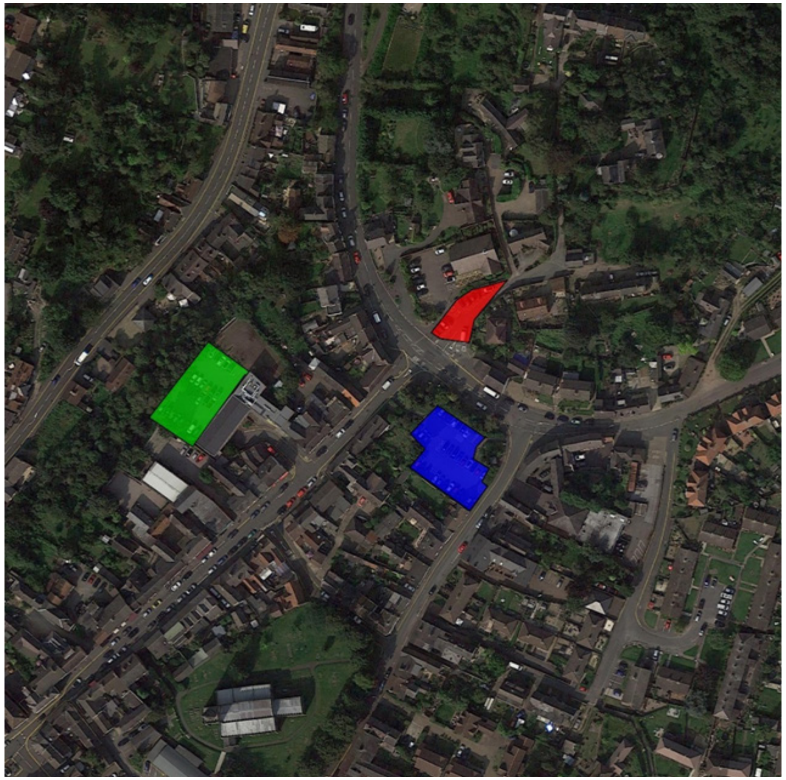
	Borough Street	Hillside	Clapgun Street
No. of spaces	29	32	13
No. of disabled spaces	2	2	2

Car parks in Castle Donington

Castle Donington car parks	Borough Street	Hillside	Clapgun Street	Total
	£	£	£	£
Direct costs	4,217	59	3,987	8,263
Other internal service costs	1,756	0	1,568	3,324
Income	-135	-559	-285	-979
Net direct costs	5,838	-500	5,270	10,608
Employee and indirect costs (including enforcement)	192	120	402	714
Service management	555	58	705	1,318
Other internal recharges	17	10	35	62
Total indirect costs and overheads	764	188	1,142	2,094
Total budgeted cost 2020/21	6,602	-312	6,412	12,702

Car parks in Castle Donington

174



Picture L:
Green – Borough Street
Blue – Clapgun Street
Red – Hillside

Car parks in Ibstock

175

Ibstock has two car parks - High Street / Gladstone Street and High Street.

During our consultation with them Ibstock Parish Council was very keen to take on the freehold asset of the car parks and expressed an interest for this to be linked to the toilets which they already lease from the council. It would be a condition of transfer that the car parks had to remain as car parking for the community and the relevant claw back condition would be added to this transfer.

The following options are available for the car parks if the asset transfer didn't go ahead:

- Introducing car parking tariffs
- Creating Electric Vehicle Charging Points (EVCPs) – this would be particularly beneficial as there are residential areas surrounding these car parks
- Sell freehold of the land

Recommendation 21 – instruct feasibility studies for the future use of EVCP's and look at selling the freeholds of land. Continue conversations with Ibstock Parish Council about asset transfer.

	High Street / Gladstone Street	High Street
No. of spaces	20	70
No. of disabled spaces	2	5

Car parks in Ibstock

Ibstock car parks	High Street / Gladstone Street	High Street	Total
	£	£	£
Direct costs	1,441	6,518	7,959
Other internal service costs	1,664	2,230	3,894
Income	-796	-521	-1,317
Net direct costs	2,309	8,227	10,536
Employee and indirect costs (including enforcement)	460	1,000	1,460
Service management	542	1,599	2,141
Other internal recharges	40	87	127
Total indirect costs and overheads	1,042	2,686	3,728
Total budgeted cost 2020/21	3,351	10,913	14,264

Picture M:
Red – High Street / Gladstone Street
Blue – High Street

Car parks in Measham

Measham has two car parks: Peggs Close and High Street.

As part of this review, Measham Parish Council was approached to see if it would be interested in transferring these assets to its ownership. The parish council declined and confirmed that it wasn't interested in any asset transfer. The following options would be available for the car parks are as follows:

- Introducing car parking tariffs
- Creating Electric Vehicle Charging Points (EVCPs) – this would be particularly beneficial as there are residential areas surrounding these car parks
- Sell freehold of the land
- Approaching local retailers / businesses for asset transfer
- Approaching the NWLDC housing service about asset transfer for houses

Recommendation 22 – instruct feasibility studies for the future use of EVCP's and look at selling the freeholds of land. Also look into asset transfer and initiate meeting with Asset Management team.

	High Street	Peggs Close
No. of spaces	44	19
No. of disabled spaces	6	1

Car parks in Measham

178

Measham car parks	High Close	Peggs Close	Total
	£	£	£
Direct costs	1,217	3,636	4,853
Other internal service costs	1,966	1,683	3,649
Income	-726	0	-726
Net direct costs	2,457	5,319	7,776
Employee and indirect costs (including enforcement)	1,464	33	1,497
Service management	1,412	318	1,730
Other internal recharges	127	3	130
Total indirect costs and overheads	3,003	354	3,357
Total budgeted cost 2020/21	5,460	5,673	11,133

Car parks in Measham

Picture N:
Red – High Street

Picture O:
Red – Peggs Close

Car parks in Thringstone

Thringstone has one car park - The Green.

As Thringstone doesn't come under a parish council, the car park in the village comes under General Fund. Therefore, the car park will remain as a NWLDC asset. However, the following options available for this car park:

- Introducing car parking tariffs
- Creating Electric Vehicle Charging Points (EVCPs) – this would be particularly beneficial as there are residential areas surrounding these car parks
- Sell freehold of the land
- Approaching local retailers / businesses for asset transfer – e.g. Co-op, Ruby's Chip Shop.

Recommendation 23 – instruct feasibility studies for the future use of EVCP's and look at selling the freeholds of land. Initiate meetings with local businesses about asset transfer / purchasing. Feasibility studies took place on 10th August 2020.

	The Green
No. of spaces	10
No. of disabled spaces	6

Thringstone car park - The Green	Total Street
	£
Direct costs	242
Other internal service costs	626
Income	-57
Net direct costs	811
Employee and indirect costs (including enforcement)	180
Service management	246
Other internal recharges	16
Total indirect costs and overheads	442
Total budgeted cost 2020/21	1,253

Picture P:
Red – The Green

There are many elements to the smooth running of car parks and one of these is their physical maintenance. This maintenance can be divided in to a number of key elements:

- Payment machines – licenses for software, cash collection, electricity, tickets, credit card costs
- Surface – sweeping and litter picking, surface repairs, line painting, weed control
- Grounds maintenance – grass and tree maintenance, lighting, drainage, bin emptying

A number of these services are carried out through our in-house Grounds Maintenance Service and Cleansing Services, which offers good value for money in terms of quality and efficient service provision. As we reduce our car park portfolio, we will be making efficiencies to other parts of the council.

Recommendation 24 – grounds maintenance and cleansing services will need to make efficiencies of £4,786 and £18,187 as a result of the asset transfer.

Enforcement

NWLDC has 4.5 civil enforcement officers (Full time equivalent) who issue in excess of 5,500 penalty charge notices (PCNs) each year across the councils on and off street parking provision.

The Traffic Management Act 2004 Section 78 governs the enforcement of car parks by local authorities and is regulated by specific legislation. In the main these are covered by the Civil Enforcement of Parking Contraventions (England) General Regulations 2007, along with the Civil Enforcement of Parking Regulations (England) Representations and Appeals Regulations 2007.

Where the penalty charge notice (PCN) is issued for a contravention in an off street car park, the enforcement authority is NWLDC. In all other cases the enforcement authority is Leicestershire County Council with the named district or borough council acting as its agent.

Whatever system is used in the future it is important that car parks are adequately managed. Part of this management is the enforcement of parking contraventions. This can include overstaying parking times, failure to pay and or display (or both), non-compliance to parking restrictions, such as parking out of bay or on double yellow lines. The enforcement is carried out by issuing a Penalty Charge Notice (PCN).

Recommendation 25 – car parking staffing costs will be reduced on a proportional basis as a result of the reduction in service and asset transfer.

Total enforcement costs 20/21	All car parks as at 01/04/20	All car parks excluding the 3 sold in Coalville
Coalville car parks	83,196	74,199
Ashby car parks	24,815	32,969
Parish car parks		
Ibstock	347	510
Castle Donington	358	477
Measham	760	1,028
Thringstone	110	147
Whitwick	754	1,010
TOTAL	110,340	110,340

Due to the Covid19 pandemic, parking charges ceased on 24 March 2020 until 1 June 2020. Once charging commenced, 100% of payments made have been cashless.

Changes to on-street parking enforcement responsibilities

Jurisdiction for on street parking enforcement, transferred from the police to Leicestershire County Council (LCC) in 2007. As a result of this, the county council and the districts and borough councils within the county came together in a single partnership to deliver the on street parking enforcement service and at the same time, a Notice Processing Unit (NPU) for parking fines was set up at the county council.

The partnership means that each district and borough council carries out the enforcement of on street parking contraventions on behalf of LCC and this is recharged to the county council under contract. In addition, any fines and notices served and processed through the NPU. The county council still remains legally responsible for all on street parking matters.

When the partnership came together, Harborough District Council decided to be the lead contracting authority for five district councils. Charnwood Borough Council and North West Leicestershire District Council decided to remain independent of that contract and directly contracted with county council. Joining the Harborough five could be an option to explore in the future.

The benefits of the arrangement are that the district council's parking enforcement officers (Civil Enforcement Officers) carry out duties both for the district council in its off street car parks and on street parking contraventions for the county council. This is beneficial in terms of budget and service resilience.

These partnership arrangements have been reviewed and the following needs to be considered if there were to be any changes to this agreement:

- NWLDC can monitor on-street parking and issue Penalty Charge Notices on behalf of LCC, for both on-street and off-street parking
- If we were to withdraw from the contract, we will have to find another way to process the penalty charge notices issued in our own off-street car parks
- LCC may continue doing this for us for a fee but this fee may be higher than the current fee; although there is a non-profit clause
- Under the agreement any costs incurred in delivery by NWLDC can be charged back to LCC
- If NWLDC wishes to withdraw from the agreement altogether, this can be done by giving a minimum of one year's notice

Recommendation 26 – continue with on-street parking contraventions on behalf of LCC and continue the partnership.

Automatic Number Plate Recognition (ANPR)

As a local authority, the council is not permitted to use ANPR to enforce in its off street car parks. The Protection of Freedoms Act 2012 prohibits the use of ANPR by local authorities in car parks which are covered by a parking order. (Please see appendix 1 for further details on ANPR).

The transfer of Needham's Walk, North Service Road and Bridge Road Car Parks into new ownership via the deal with Lathdales provides them with the opportunity to introduce ANPR throughout these car parks as they would meet the criteria under private ownership.

NWLDC could support Lathdales with this whilst at the same time looking at options for the Market Hall Car Park if an agreement could be struck to include Market Hall Car Park.

Recommendation 27 – Include market hall in a further deal with Lathdales on behalf of Gylo.

Recommendation 28 – Consider options for future off street parking delivery

Outsourcing

Outsourcing opportunities are also available to the council for consideration for its car parking services.

Private car park Company

The council car parks could be advertised by an expression of interest for the long term management of its car park assets.

This proposition to any private contractor would be unattractive using the current business model due to:

• No profit being generated

• No political appetite for increases in charges

• High investment to covert to alternative enforcement methods

• High subsidy costs / management fees incurred by the council

Harborough five on / off street

Harborough District Council's parking service is part of the same partnership as NWLDC parking service through the Leicestershire County Council service level agreement. Harborough District Council has expanded its capacity to take on neighbouring authorities parking services to include

• Oadby and Wigston Borough Council

• Hinckley and Bosworth Borough Council (on street only)

• Melton Borough Council

• Lutterworth Town Council

NWLDC could consider transferring its car parking services tor Harborough District Council in a similar to a shared service arrangement.

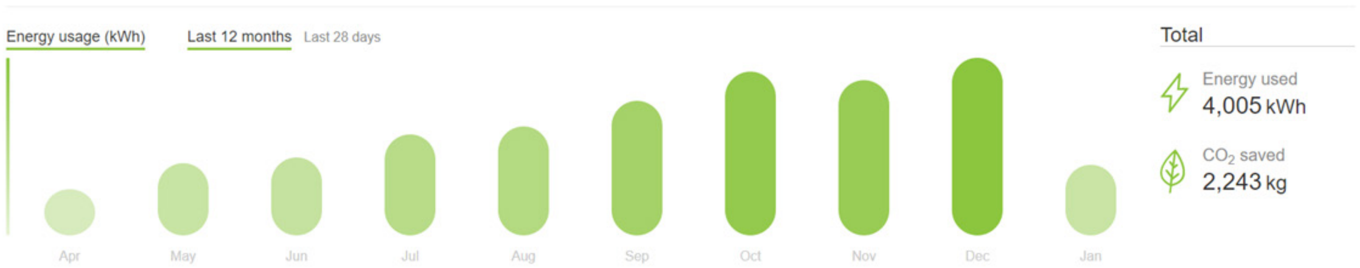
Recommendation 29 – Look at possibilities for shared service delivery for parking enforcement.

Green issues - electric vehicles

The need to consider greener cars is becoming more and more important. By 2030 it will not be permitted to sell petrol or diesel cars.

At present approximately 6% of vehicles sold are electric. This will rise to 25% by 2030 and to 50% by 2040. The growth in this market means that more facilities will need to be developed to match this growth.

There are currently eight electric vehicle charging points in NWL. Four of these are provided by NWLDC in Ashby. We have seen a steady increase in the use of these electrical vehicle charging points situated on North Street Car Park.



On this basis £115,000 of council budget has been allocated through capital funding

In addition to the pilot scheme in Ashby's North Street car park, the council plan to install electric vehicle charging points in three further car parks across the district:
1 - Vicarage Street, Whitwick, LE67 5GZ (4 charging points)
2 - Clapgun Street, Castle Donington, DE74 2LF (4 charging points)
3 - The Green, Thringstone, LE67 8NR (4 charging points)

The council have been awarded a £45k government grant from the Office for Low Emission Vehicles (OLEV), with assistance from Energy Saving Trust (EST), to support this project. The grant covers 45% of the total installation costs and the funding balance will be provided by the Climate Change budget, as agreed with Cabinet. Installation is expected by March 2021 and will be supported by appropriate communications to residents.

A fourth car park location based in Coalville was considered and a feasibility study completed, however, London Road car park has recently been designated as a Covid Test Centre and activity has been paused.

The council will review and explore options for Coalville and other areas as part of our NWLDC car park strategy and our wider Zero Carbon agenda and climate change commitment.

Pod point which is the councils preferred supplier for electric charging points claim 25% of vehicles in council car parks will be electric by 2030. It suggests that NWLDC should have 32 public charge points in the district to service demand and 95 by 2022. It is logical that many of these should be sited in car parks due to the difficulties of providing on street charging facilities, i.e. challenges with terraced houses in town centre environments.

The additional charging points will provide a useful revenue stream to the council. The councils cost for charging is currently positioned at Monday to Saturday £2 per hour for vehicle charging and a premium rate is charged on Sunday when car parking tariff is free of £3 per hour for vehicle charging.

There are also practical matters to consider that may create barriers to a person switching to a greener car. 60% of people will charge their vehicles at home, often overnight and not all house owners have access to parking.

There are estimated to be 44,000 terraced houses in North West Leicestershire. People living in these houses will have no off street parking and no access to charging points.

Planning requirements for new housing recommend two parking spaces per house, however, there may be more than 2 cars per household, again restricting access to charging points.

Consideration must be given to creating alternative places to allow charging to take place. At present NWLDC does not permit overnight parking in its car parks which may cause difficulties for charging but can be addressed by reviewing and varying car parking spaces orders.

Recommendation 30 – EDRF and Capital bids

Green issues - electric vehicles

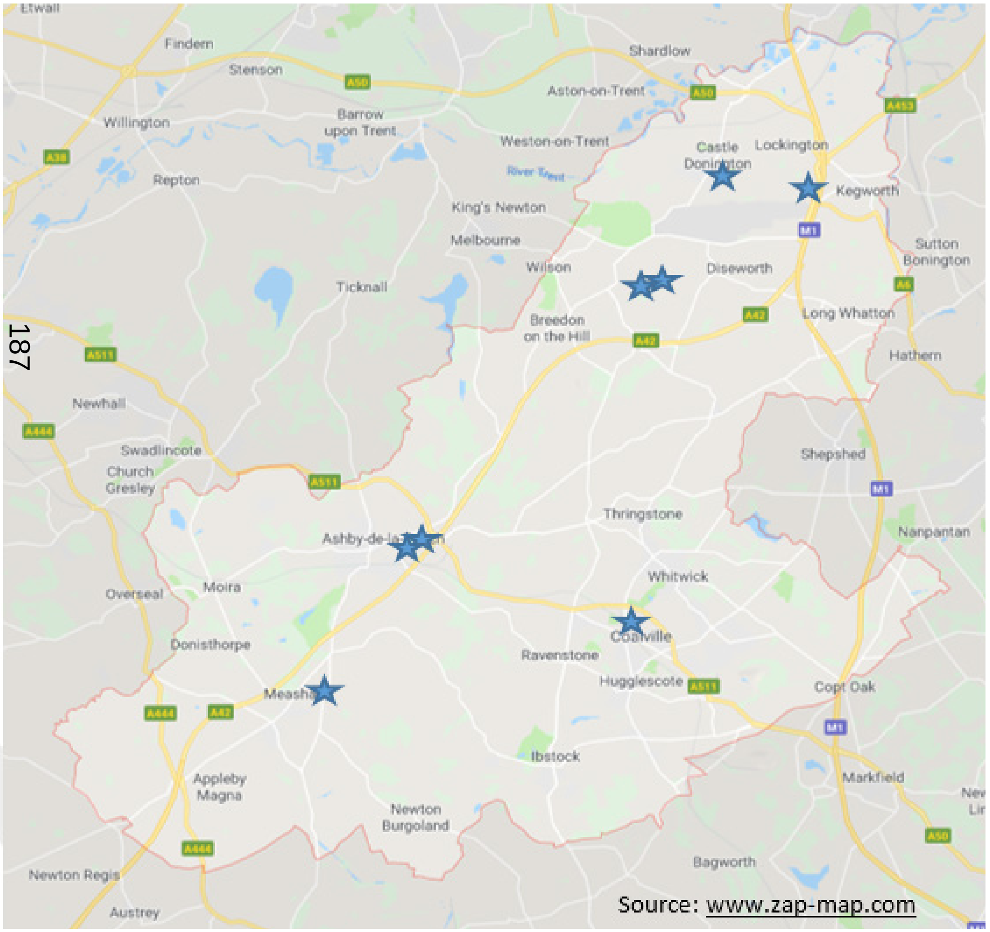
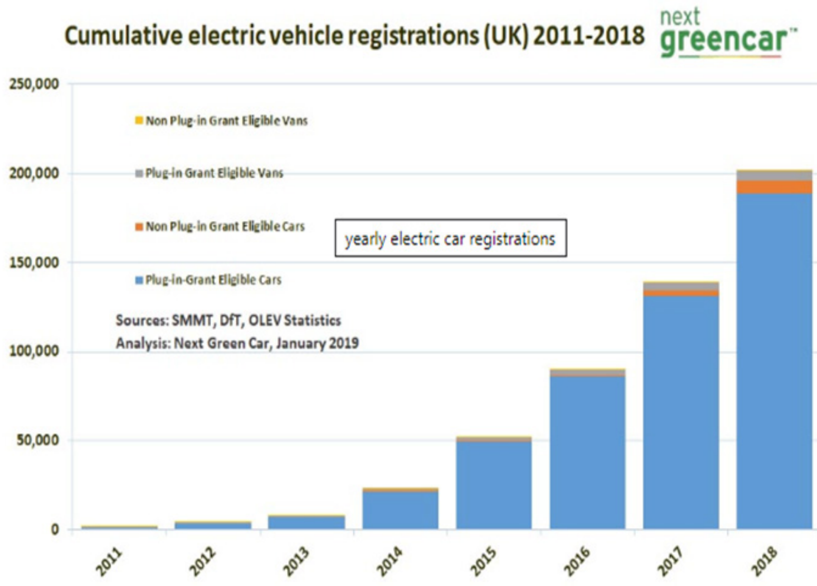


Fig: Blue stars represent Electric charging points. The two blue stars in Ashby represent council EVCP. Each star represents two charging points



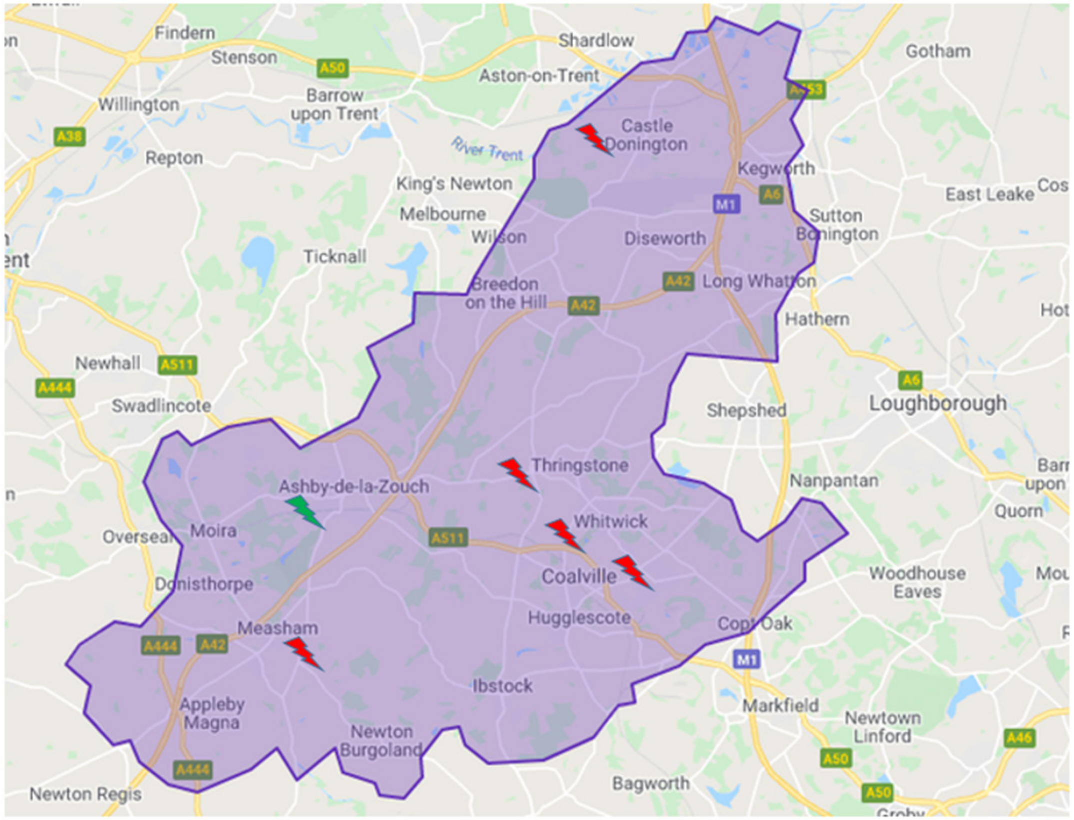
Source: SMMT, OLEV, DfT Statistics; Analysis: Next Green Car, January 2019.

Green issues - electric vehicles

Council locations for future EVCPs

4 x Castle Donington / 2 x Whitwick / 2 x Measham / 12 x Coalville / 4 x Thringstone

2 x Ashby (Already fitted)



Green issues - solar power

Charging currently relies on mains network connections, but there is an opportunity to become totally green through the installation of solar powered car parks, which are not only more environmentally friendly, but also provide a more pleasant environment for the user, with shade on hot days and shelter from the rain on wetter days.

A number of providers on the market have products ranging in price which, given the potential income generation it could bring, could make their installation a possibility. In addition, energy efficiency grant schemes could be open to NWLDC in the future, which could offset some of the capital costs of installation.

NWLDC is looking investing in greener fleet which will require charging points. Whilst some of these may be located at the depot, others will need to park at the Council Offices in Coalville. The intention is to create both publically available charging points and points dedicated to the council's own fleet at the Council Offices car park. This could create five new points.

Harborough District Council is leading a bid on behalf of all Leicestershire district and borough councils to the European Regional Development Fund (ERDF) for electric vehicle charging point hubs.

This bid involves the pooling of some business rate income and would see charging hubs installed in specifically selected zones across North West Leicestershire and in other Leicestershire districts.

The next round of bidding to the ERDF is currently underway.

Recommendation 31 – To implement the hub.

When can ANPR / CCTV cameras be used?

School parking enforcement

The highway authority (Leicestershire County Council) can use camera-equipped vehicles to address parking around schools and bus stops where motorists are putting the safety of others at risk and causing unnecessary congestion.

The highway authority has duty to tackle dangerous parking. The Traffic Management Act 2004 allows councils to enforce parking contraventions by CCTV cameras in problem areas.

Private car parks

Private car park owners that do not have a legal framework for parking regulation through legislation such as the Traffic Management Act or other road traffic regulations are able to use ANPR.

Improved parking efficiency

Canterbury City Council and Leicester City Council have both introduced ANPR as a means of speeding up entry and exit form multi story car parks. The system works by recognising the vehicle registration (VRM) and storing the information. The system issues a ticket with a Quick Read (QR) code. When the QR code is presented to the pay machine, the amount due is calculated. When the fee is paid the barrier rises automatically as the vehicle approaches.

Because the system is pay on exit there is no requirement to issue a Penalty Charge Notice (PCN) for over stay. The system could not be used if there was a problem with tailgating. PCNs would still be issued for parking out of bay or incorrect use of disabled bays etc.

An additional feature of this system allows users to register before they visit a car park. The system automatically recognises the VRM upon arrival and raises the barrier. The system does not issue a ticket and does not require the user to go to the pay station to make payment. The ANPR camera recognises the VRM as it approaches and raises the barrier to allow the vehicle to leave. The registered account is then debit by the corresponding amount.

Public Space Protection Order

The Public Space Protection Order (PSPO) allows the use of fixed cameras to manage anti-social behaviour. There are several stages of criteria that must be satisfied before the introduction of PSPO can be achieved.

The activities that have taken place must have had a detrimental effect on the quality of life of those in the locality, or it must be likely that activities will take place and that they will have a detrimental effect. Before approving a PSPO the following test needs to have been met:

The effect or likely effect of these activities:

- Is, or is likely to be, persistent or continuing in nature
- Is, or is likely to be, unreasonable
- Justifies the restrictions being imposed.

Appendix 1 - Automatic Number Plate Recognition (ANPR)

191

When can ANPR not be used?

Situations covered by the Deregulation Act 2015

The legislation gave specific power to the Secretary of State to prohibit the use of devices for parking enforcement unless covered by specific regulation covering bus lane enforcement and moving traffic contraventions and outside schools.

Local authority controlled car parks - The Protection of Freedoms Act 2012 prohibited the use of ANPR by local authorities to enforce in car parks that are covered by a parking order.

Schedule 4 of the Act, Recovery of Unpaid Parking Charges S3 (1) defines the land under the Road Traffic Regulation Act 1984 and details the authorities that are covered by the Act which includes district councils.

S4 of the 2012 Act (copied below) sets out the manner in which a Penalty Charge Notice (PCN) must be issued.

The notice must be given:

(a) Before the vehicle is removed from the relevant land after the end of the period of parking to which the notice relates, and

(b) While the vehicle is stationary

(c) By affixing it to the vehicle or by handing it to a person appearing to be in charge of the vehicle.

The above clauses mean that ANPR cannot be used for enforcement purposes in off street car parks by local authorities.

Survey results carried out in July 2019 by the NWLDC Business Focus Team

Total surveys:	70
Drinking establishments	1
Market trader	1
Financial and professional	2
Shops	**49**
Restaurant / café	6
Other	11
Aware of 'Free after 3pm'	63
Unaware of 'Free after 3pm'	7
Believe customers have changed the way they visit Coalville since parking changes were introduced in January 2017	35
Do not believe customers have changed the way the visit Coalville since parking changes were introduced in January 2017	31
Don't know of any changes	4
Think parking changes have been a **good** thing for the town	31
Think parking changes have been a **bad** thing for the town	20
Changes have had no impact on the town	19

192

193

Have noticed an increase in performance to their business since 'Free after 3pm'	10
Have noticed a decrease in performance to their business since 'Free after 3pm'	10
Have not noticed any changes in performance to their business since 'Free after 3pm'	28
Do not know if 'Free after 3pm' has had any effect on performance to their business	22

Think 'Free after 3pm' plus two hours free parking at any time of day is a **good** idea	52
Think 'Free after 3pm' plus two hours free parking at any time of day is a **bad** idea	7
Gave **no response** re two hours free parking at any time of the day	5

Would support cashless parking in town	27
Would not support cashless parking in town	33
Gave no response to cashless parking in town	10

Additional comments: The majority of surveys confirm that the town is now busier after 3pm as parking is free. The majority of surveys also confirm that the car parks are much busier and as a result, has an impact on their companies as they feel people only come within free times.

Common suggestions to improve
*Free parking / cheaper rates
*Free parking / cheaper rates for staff only
*Free parking at weekends
*Parking offers
*More than two hours free parking

Most people in Coalville pay to stay for up to one hour. There are five main carparks in Coalville (plus the free Market Hall Car Park) that are used by a similar number of people each day, although a lot more people pay to park in the Council Offices Car Park on a Saturday (it is still busy in the week with staff parking). The amount of all-day parking is relatively low (4-5% of the total).

From the Coalville Stakeholder Feedback it was noted that free spaces were used for commuter parking in Coalville, so free spaces were tied up all day and not benefitting the town from a visitor point of view.

It was noted that long stay car parks are mainly taken up by staff from local businesses and the demand for long stay parking is already low. Only 6% of tickets sold in 2015 were long stay.

Action plan

Year 2020 / 2021

Theme one	Action	Finance	Date of action	Recommendation Link Number
Car parks and equipment	1.1 Pilot cashless in all car parks	Estimated savings of £330 per year	Completed due to the covid 19 pandemic and the need to go cashless	1
	1.2 Start installation of additional Electric Vehicle Charging Points (EVCPs) throughout the district with Podpoint	£115k included in 2020/21 capital programme as part of carbon neutral report	Q4	11,19, 20, 21, 22, 23
	1.3 Business Focus / Community Focus to survey car park users during pilots	Internal – cost not to be recharged	Not required due to completion of pilot during covid 19 pandemic	
	1.4 Introduce Pay by Phone	£6,000 set up cost Transaction fees of between 3p-8p + VAT per transaction	Completed due to the covid 19 pandemic and the need to go cashless	2
	1.5 Any vandalism or repairs to machines to be evaluated due to potential transfer of ownership to Belvoir Centre or contract terminations	The workings based on the 20/21 budgets show a £3.5k reduction for these three car parks based on maintenance costs	As a result of the transfer to the Belvoir Centre this has reduced on costs in terms of repair and vandalism.	
	1.6 Continued roll out of EVCP throughout the district	Capital Funding of £115k approved and funded from climate change reserve and additional external grant funding from on street Residential Chargepoint Scheme of £45k has been secured which has been allocated towards EVCP	Completed	30
	1.7 Feasibility study for solar panel charging for car parks EVCP		Q4	30,31

Theme two	Action	Finance	Date of action	Recommendation Link Number
Legal and administration / parking orders	2.1 Start the process for altering parking orders to remove Needhams Walk, Bridge Road and North Service Road along with Royal Hotel, Ashby	Advertising cost of £1,200	Completed due to sale of car parks to the Belvoir Centre and the termination of the contract by the Royal Hotel	
	2.2 Royal Hotel contract has been terminated at Royal Hotel's request due to viability of the car park for its business and health and safety concerns on 20.9.19	The net cost of providing this service was estimated at £5k but no direct savings were achieved as staffing costs were reallocated.	Terminated	18
	2.3 Begin changes following pilot of cashless in Coalville and Ashby Car parks		Completed	1

Theme three	Action	Finance	Date of action	Recommendation Link Number
Asset Transfer	3.1 Consider options for transferring the following car parks (The Green to local businesses, Peggs Close to NWLDC housing service) or use these assets as potential EVCPs	£500 per site for feasibility study for EVCPs	Completed	22,23

Action plan

Year 2021 / 2022

Theme one	Action	Finance	Date of action	Recommendation Link Number
Car parks and equipment	1.1 Progress discussions as part of the accommodation review with ultimate transfer to property services	There will be no overall savings to the council but the estimated reduction in costs charged to the car parking service would be in the region of £40K	Q3/Q4	11
	1.2 Provide digital method for parking permits to leisure centre users		Q4	16
	1.3 Phased removal of pay and display machines following the cashless payment systems brought in due to the covid 19 pandemic	Potential efficiency savings of £14,160	Q4	1

Theme two	Action	Finance	Date of action	Recommendation Link Number
Legal and administration / parking orders	2.1 Start the process of removing Free after 3pm from the parking orders	Advertising cost of £1,200	Q1	5
	2.2 Start the process for changing charging tariffs in Coalville and Ashby de la Zouch	The proposal is to increase car parking tariffs from the 1st April 2021, the proposed increase in tariffs would generate an estimated additional £42,740 in car parking income. This will be reviewed on an annual basis as part of the budget setting process	Q1	8
	2.3 Start the process for increasing short stay parking in Ashby for up to four hours with no return within one hour	There is no way of calculating what the financial impact will be of extending the short stay car parking in Ashby by 1 hr up to a maximum of 4 hrs and the introduction of a new tariff. There could be increased income from those that were paying for 3 hrs but will now pay for 4 hrs but there could be a subsequent loss of income for those paying for all day parking but now only require 4 hrs	Q1	14
	2.4 Give notice on Coalville and Ashby Library car park enforcement contracts	This potential efficiency saving is included in the overall staff savings target of £17,430	Q3	17
	2.5 Remove charges in Ashby car parks between 8am and 9am	£3k	Q4	13

Action plan

Theme two	Action	Finance	Date of action	Recommendation Link Number
Legal and administration / parking orders	2.6 Options for Market Hall Car Park transfer to Belvoir Centre		Q4	4, 8
	2.7 Start the process of changing the Market Hall Car Park parking order to mirror the Belvoir Shopping Centre offer		Q2	4, 8

Theme three	Action	Finance	Date of action	Recommendation Link Number
Asset Transfer	3.1 Start feasibility work to use car parks in Measham as electric vehicle charging zones or look to dispose of the asset	£500 for feasibility study	Q4	20, 22, 23
	3.2 Start the process of asset transfer with Ibstock Parish Council	Immediate saving of £10,540 and possible further savings of £1,680 depending upon staffing reviews	Q4	21

Theme four	Action	Finance	Date of action	Recommendation Link Number
Charging tariffs / financial	4.1 Continue offering free parking on Saturdays during the festive period	Estimated loss of income for offering four Saturdays free parking during the festive period is £4K	Q3	6
	4.2 Flat rate EVCP overnight	Current Monday to Saturday £2.00 per hour Sunday £3.00 per hour	Q1	
	4.3 Cashless in all car parks	Estimated savings of £330 per year	Completed	2

Theme five	Action	Finance	Date of action	Recommendation Link Number
Review of re-charges	5.1 Reallocation of recharges	There are no actual savings from the reallocation of recharges as these will get reallocated over other service areas within the council.	Q3	

200

Theme six	Action	Finance	Date of action	Recommendation Link Number
Resources	6.1 Service review	Savings target of £17,430 is included in the 21/22 budget for the staffing service review	Q1	7, 25

Action plan

Year 2022 / 2023

Theme one	Action	Finance	Date of action	Recommendation Link Number
Car parks and equipment	1.1 Review replacement/latest technology to maximise service delivery and efficiencies	Finance by revenue budget – operational equipment	Q1	

Theme two	Action	Finance	Date of action	Recommendation Link Number
Legal and administration / parking orders	2.1 Look at possibilities for shared service delivery for parking enforcement and options for off street parking delivery		Q1	28, 29

Theme three	Action	Finance	Date of action	Recommendation Link Number
Asset Transfer	3.1 Consider a secondary deal with Lathdales/ Gylo for Market Hall car park		Q2	27

Theme four	Action	Finance	Date of action	Recommendation Link Number
Charging tariffs / financial	4.1 Pay by phone only	Potential efficiency savings of £14,160 and removal of all parking machines	Q3	2

MINUTES of a meeting of the COMMUNITY SCRUTINY COMMITTEE held in the Remote Meeting using Microsoft Teams on WEDNESDAY, 25 NOVEMBER 2020

Present: Councillor D Harrison (Chairman)

Councillors B Harrison-Rushton, T Eynon, J Geary, G Hoult, K Merrie MBE and M B Wyatt

Portfolio Holders: Councillors A C Woodman

Officers: Mr J Arnold, C Colvin, N Cotter, Ms C Proudfoot, Mr P Sanders, Mrs M Scott, Mrs R Wallace and Miss E Warhurst

21. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C Benfield, A Bridgen and D Tebbutt.

22. DECLARATION OF INTERESTS

Councillor B Harrison-Rushton declared a pecuniary interest in item 7 – Update on Carpark Review due to a close relative being a landowner and car park operator within the District.

23. PUBLIC QUESTION AND ANSWER SESSION

None

24. MINUTES

Consideration was given to the minutes of the meeting held on 28 October 2020.

It was moved by Councillor K Merrie, seconded by Councillor T Eynon and

RESOLVED THAT:

The minutes of the meeting held on 28 October 2020 be approved as a correct record.

25. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Consideration was given to the Committee's work programme, the item action log and the Cabinet's Executive Decision Notice.

Regard was given to a request that had been made outside of the meeting to scrutinise the supply of social and affordable housing in the District. It was confirmed that work had begun with the Strategic Director to scope the topic and a task and finish group requested.

The following comments were made in relation to the action log:

When the 'Shop Front Scheme Update' report was brought to Committee, a Member requested that it not only provide an update on the scheme, but why Members were not informed that it had concluded.

That a clear view be taken on how to tackle items that fell under both scrutiny committees as the 'Update on Climate Change and Carbon Reduction' report had a cross cutting status.

By affirmation of the meeting it was

RESOLVED THAT:

The Committee's future work programme be updated in accordance with the above requests from the Committee.

26. AIR QUALITY PROGRESS UPDATE

Councillor A Woodman, Portfolio Holder, introduced the item to Members.

On behalf of the Air Quality Task and Finish Group, the Chairman of the group Councillor D Harrison, presented the findings and the formulated recommendations to Cabinet as detailed at appendix 4 of the report.

Members spoke positively in relation to the work undertaken by the task and finish Group and the majority of Members were in support of the proposed recommendations. A distinction was made between the statutory amount of air quality monitoring required and the additional monitoring desired by Members. A comment was made regarding the area focus within recommendation 4 as it was felt it should take a more strategic approach across the whole district rather than to state specific monitoring sites. As the view was not shared by all Members, an amendment to the recommendation was not sought.

A Member referred to the audit document at Appendix 1 and asked that paragraph 3.10 be amended to say that liaison with the airport 'should' be increased rather than 'could' be increased. Likewise, it was asked that paragraph 5.8 be amended to say that NWLDC 'should' liaise more closely with the airport rather than 'could' liaise.

It was questioned if High Street in Coalville should be included as a monitoring site as there were plans to widen the pavement to allow people to sit outside the establishments to consume refreshments. This road was extremely busy; often with stationary vehicles queuing at the traffic lights which meant the air quality was poor.

Members were in support of the additional resource proposed for the air quality delivery plan.

A suggestion was made for cabinet to consider a decision making all NWLDC taxi's electric by the year 2030. A decision made now would give enough time to plan for the transition.

Regard was given to the costs involved in the additional air quality monitoring being proposed and a member suggested that consideration be given to the Coalville Special Expenses, as there were budgets available, which could be used to fund equipment and monitoring in the Coalville area.

At the request of Members, Clare Beattie, the Air Quality Consultant, addressed the committee and commented on some of the views shared at the meeting.

Councillors Eynon and Merrie wished their view to be noted that they did not agree with specifying monitoring locations in the fourth recommendation from the Task and Finish group. They felt a more strategic approach was required rather than specifying exact locations. They supported the recommendations overall and were content to support the majority view.

It was moved by Councillor J Geary, seconded by Councillor M B Wyatt and

RECOMMENDED THAT CABINET:

1) Produces a supplementary planning document to clarify the processes for Air Quality Management;

2) Undertakes a review of Local Plan to include improved Air Quality standards;

3) Responds to DEFRA consultations on Air Quality;

4) Undertakes a strategic and costed plan, ensuring all the District's monitoring meets the DEFRA guidelines and that the district is screened for poor air quality and not just existing sites. The monitoring of Air Quality is to be to a standard consistent with the Institute of Air Quality Management focusing on areas considered to be at risk from modelling evidence or as a response to community concern including:-

   - The re-instatement of the chemiluminescent instrument at the Broom Leys junction, Coalville to monitor NO2. If that is now unavailable, install a Zephyr NO2 sensor;
   - The installation of a Zephyr PM2.5 sensor at the Bardon Road, Birch Tree roundabout, Coalville
   - The installation of a Zephyr NO2 or PM2.5 sensor at the Tesco A511 Roundabout , Ashby de la Zouch
   - The installation of a Zephyr NO2 sensor in High Street, Castle Donington

5) Continues to monitor Kegworth AQMA with diffusion tubes until it shows no exceedances;
6) Compiles a costed Plan to collaborate with County Public Health on the Air Quality JSNA;
7) Provides an annual report on air quality across the whole District to the relevant scrutiny with factual data from all the AQMA machines and other measurement sites so elected members can scrutinise and provide further supported recommendations if needed;

8) Allocates funding from the General Fund or the Zero Carbon reserve, as necessary, to enable the above actions to be carried out.

27. UPDATE ON CAR PARK REVIEW

Having declared a pecuniary interest in the item Councillor B Harrison-Rushton left the meeting during consideration and did not return to the meeting.

The Head of Community Services presented the report to Members, with the support of Councillor A Woodman, Portfolio Holder, who also addressed the committee.

The Facilities Team Leader gave a presentation to Members in relation to the future provision for parking services.

Concerns were raised in relation to the move towards more cashless parking payment machines and the use of mobile phones to make payment, in particularly for those people that find this technology confusing or did not have a smart phone. The Head of Community Services explained that the response to these machines so far had been positive due to the contactless nature in the current climate. He assured Members that the machines also accepted card payments so this was an alternative method available to most people.

Members supported the recommendation to stop the ‘Free after 3pm’ at the market hall car park in Coalville as it was agreed that it was not an effective strategy. It was felt that the recommendation to align the charges to the Belvoir Centre was a good one as the current 2-hour free parking was increasing the footfall in the town.

A member raised concerns regarding the prospect of selling the car parks, as it was felt that the Council should keep hold of assets. The Head of Community Services explained that the current discussion with parish councils were for the sale of the freehold only, this meant that they would be protected and only used for car parking but would save the council money as the running costs would be transferred to the parish council. The car parks could also be pulled back at any time. He also confirmed that if at any point it was decided to sell any car parks it would probably be in the smaller areas but would be subject to an individual business case and local consultations.

It was moved by Councillor K Merrie, seconded by Councillor M B Wyatt and

RESOLVED THAT:

The report be noted and comments made be provided to Cabinet when considering the item.

Councillor B Harrison-Rushton left the meeting at 7.31pm

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.05 pm