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

Time/Date 6.30 pm on TUESDAY, 23 FEBRUARY 2021
Location Remote Meeting using Microsoft Teams
Officer to contact Democratic Services (01530 454512)



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Chief Executive

AGENDA

| Item | Pages |
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| PRAYERS | |
| 1. APOLOGIES FOR ABSENCE | |
| 2. DECLARATION OF INTERESTS | |
| Members are reminded that any declaration of interest should be made having regard to the code of conduct. In particular, members must make clear the nature of the interest and whether it is 'pecuniary' or 'non pecuniary'. | |
| 3. CHAIRMAN'S ANNOUNCEMENTS | |
| 4. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS | |
| Members are reminded that under paragraph 11.1 of part 4 of the Constitution, questions can be asked of the Leader and Cabinet Members without notice about any matter contained in any address. Questions shall be limited to five minutes in total for each announcement. | |
| 5. QUESTION AND ANSWER SESSION | |
| To receive questions from members of the public under procedure rule no.10. The procedure rule provides that members of the public may ask members of the Cabinet any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Commercial Services. | |

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| 6. QUESTIONS FROM COUNCILLORS | |
| To receive members' questions under procedure rule no.11. The procedure rule provides that any member may ask the Chairman of a board or group any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Commercial Services. | |
| 7. MOTIONS | |
| To consider any motions on notice under procedure rule no. 12. | |
| 8. PETITIONS | |
| To receive petitions in accordance with the Council's Petition Scheme. | |
| 9. MINUTES | |
| To confirm the minutes of the meeting of the Council held on 17 November 2021 | 3 - 12 |
| 10. BUDGET AND COUNCIL TAX 2021/22 | |
| Report of the Head of Finance | 13 - 102 |
| 11. INVESTMENT STRATEGY - SERVICE AND COMMERCIAL 2021/22 | |
| Report of the Head of Finance | 103 - 110 |
| 12. TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22 AND PRUDENTIAL INDICATORS 2021/22-2023/24 | |
| Report of the Head of Finance | 111 - 140 |
| 13. PAY POLICY STATEMENT 2021/22 | |
| Report of the Chief Executive | 141 - 150 |
| 14. GENDER PAY GAP 2020 | |
| Report of the Chief Executive | 151 - 156 |
| 15. NOTIFICATION OF URGENT DECISIONS TAKEN BY CABINET IN QUARTER 3 2020/21 | |
| Report of the Chief Executive | 157 - 160 |

MINUTES of a meeting of the COUNCIL held in the Remote meeting using Microsoft Teams on TUESDAY, 17 NOVEMBER 2020

Present: Councillor V Richichi (Chairman)

Councillors J Hoult, E G C Allman, R Ashman, R D Bayliss, C C Benfield, D Bigby, A S Black, R Blunt, R Boam, A J Bridgen, J Bridges, R Canny, J Clarke, D Everitt, T Eynon, M French, J Geary, L A Gillard, S Gillard, T Gillard, D Harrison, B Harrison-Rushton, M D Hay, G Hoult, R Johnson, J Legrys, K Merrie MBE, N J Rushton, A C Saffell, C A Sewell, S Sheahan, N Smith, J Windram, A C Woodman and M B Wyatt

Officers: Mr J Arnold, Mrs T Bingham, Mrs M Long, Miss E Warhurst, Mrs C Hammond and Mr T Delaney

35. APOLOGIES FOR ABSENCE

No apologies for absence were received.

36. DECLARATION OF INTERESTS

Councillor N Smith declared a non-pecuniary interest in agenda item 13 – Appointments to the Independent Remuneration Panel - for reasons of one of the Panel members being a customer at his wife's shop.

Councillor C Sewell declared a non-pecuniary interest in agenda item 10 – Council Delivery Plan - for reasons of her being a parish councillor on Kegworth Parish Council.

Councillor M Wyatt declared a non-pecuniary interest in agenda item 10 – Council Delivery Plan - for reasons of him having local businesses in Coalville Town Centre.

They all remained in the meeting for the decision and vote on these items.

37. CHAIRMAN'S ANNOUNCEMENTS

The Chairman delivered a very poignant address and reflected on his own personal experiences in relation to his past and his association with some of the veterans who had had an influence on his life.

38. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

Councillor R Ashman, Deputy Leader reported that he was standing in for the Leader who had tested positive for COVID-19 and although still unwell, was making a good recovery; and on behalf of the Council sent his best wishes. The Deputy Leader went on to recognise the efforts of all the volunteers, community workers and staff who were helping to support the local communities and those most in need. He reported that North West Leicestershire District Council was continuing to deliver its vital services and expressed, on behalf of the Council, his sincere apologies to those who had lost family members, friends and colleagues to this virus. He referred also to the sad death of Geoff Bushell who was known to many due to him being instrumental in the campaign on the opening of the Ivanhoe line. Thoughts and prayers were conveyed to his family.

The Deputy Leader recognised the impact that COVID-19 was also having on the business community in the run up to Christmas and advised that work was currently underway on assessing the impact of the business grants and how these can be utilised to help local businesses during this difficult time.

Members echoed the sentiments conveyed by the Deputy Leader.

39. QUESTION AND ANSWER SESSION

No questions were received.

40. QUESTIONS FROM COUNCILLORS

The Chairman advised that he had received three questions ahead of the meeting and that he would take them in the order they had been received.

- (1) The Chairman invited Councillor M Wyatt to ask his question addressed to Councillor A Woodman.

“Since early 2020 I have been supplying the Council’s planning enforcement team with information concerning unauthorised and illegal use of land off Baker Street in Coalville. The recorded incidents are for dumping of waste, a wheel wash, a lorry park as advertised on the A511, removal, burial and disposal of contaminated soil along with daily burning of plastic and other toxic items. I would also point out that it was reported and confirmed by officers who visited the site that there was someone living on the site in a caravan, which to date is continuing to do so.

It is now November, and still complaints are being received concerning this site. Can I ask for a full and detail explanation to why action as not yet been taken concerning a number of issues which I have set out. Also can I ask if you agree with your officers comments which were sent to me, that one of the reasons why action was not being taken to address the illegal activity at the site is because the council are awaiting a possible planning application for this site, which in my opinion, is absolutely ridiculous and should never be an excuse to why illegal action is not acted upon?”

The Chairman invited Councillor A Woodman to respond.

“The Planning Enforcement Team was first made aware of the potential breaches of planning legislation by Cllr Wyatt on 17th February 2020, and an enforcement case was duly opened. A site visit was conducted on 5th March 2020, the outcome of which was that the activities should either cease, or retrospective applications should be submitted for each use. On the 10th March 2020 Cllr Wyatt was informed that the other activities alleged to be taking place fell under the jurisdiction of the Environment Agency and were not a matter for the district council. The other matters raised concerned the importation of waste and the removal and disposal of contaminated soil on the site. These were reported on the same day to the Environment Agency.

A further site visit was conducted on 26th May 2020 to establish the current activities and officers were able to confirm that in addition to the earlier reported activities there was a fleet vehicle washing business operating from the site. The outcome was that the owner of the business was instructed by officers to submit retrospective planning applications for the additional business uses.

A reasonable period of time was given to allow the owner to submit a planning application. Since a reasonable time had elapsed and no application had been received, a further site

visit was conducted on 5th November 2020. The visit confirmed that the lorry/wheel washing/fleet cleaning business and the lorry park business had both ceased and left site. The alleged unauthorised occupation of the caravan relates to a static caravan which investigations have concluded. Its purpose is to provide 24 hour security for the site. The individual that occupies the caravan is employed as a security guard for the site and therefore the siting of the caravan is considered ancillary to the established factory/warehouse use at the site and therefore no breach of planning control exists.

The planning enforcement case has now been closed since the site complies with that of storage/warehouse and no breach of planning control exists.

In relation to the point regarding action not being taken due to a proposed new application being submitted for the re-development of the area as a whole. I can confirm that this case has been investigated in line with the council's Planning Enforcement Policy and government guidance which provides for a graduated approach. Careful consideration needs to be given to each planning enforcement case and each case balanced on its own merits, consideration needs to be given with regards to expediency, public interest, negotiation, proportionality and that both the council and developer have acted reasonably.

In this case although an application was not received, when the compliance check was made all activities had ceased. If they had not ceased then more formal action would have been considered."

The Chairman invited Councillor M Wyatt to ask a supplementary question.

Councillor Wyatt expressed his disappointment that the issues he had raised had not been properly addressed. He asked Councillor Woodman to confirm that he had received additional photographic evidence that the site was still being used 3 days after the site visit and asked if this would be properly investigated. He also asked for an update on the action being undertaken by the Environment Agency to address the issues of dumping waste on the site.

Councillor Woodman confirmed that he had very recently received the photographic evidence and that he would investigate this thoroughly with officers and, if safe to do so would visit the site in person. He also confirmed that he would check with officers regarding the update from the Environment Agency.

(2) The Chairman invited Councillor J Geary to ask his question addressed to Councillor R Ashman.

"Council announced during summer 2018 that work would start on the reconstruction of Marlborough Square in October 2018. Following tender returns, Council found that costs exceeded allocated Budget and paused all works. During 2019 Councillors were informed that negotiations with County Highways to agree legal and operational arrangements were "ongoing". It is now November 2020 and there is no indication when the paused Marlborough Square reconstruction works will be completed. What are the reasons for this extended delay and what are the current projected start and completion dates for these works?"

The Chairman invited Councillor R Ashman to respond.

"Discussions with LCC Highways at the end of 2019 / beginning of 2020 identified that the proposed redevelopment of Marlborough Square would require A Section 278 Agreement and a Change Of Use planning consent secured sequentially in that order. No works can commence legally until these two consents are in place.

A S278 Application was submitted to Leicestershire County Highways in April 2020. Substantial comments / queries and requests for further information started to be returned to us from the end of May with the final replies received in August. In total there are almost 100 queries that require us to either: refine our proposals, amend our drawings, provide more supporting evidence or engage in further discussion with the Highways Authority or other statutory bodies.

The comments received have been collated onto a "Tracker Document" and officers and consultants are now working to resolve and close out each issue.

The ability to close out some issues, particularly those requiring further traffic survey have been hampered by Covid restrictions (LCC Highways are not prepared to validate any traffic figures gained during lockdown as they argue that traffic levels are below the norm) and therefore progress has not been as swift as desired. At present we are targeting making a resubmission of the S278 by the end of the year however this may be delayed if vehicle swept path analysis requires any significant redesign.

Until all the details submitted as part of the S278 have been agreed by LCC Highways we are unable to provide a clear date upon which construction works will commence. Councillors will have the opportunity to review in detail the progress being made on this project at the Coalville Members Meeting scheduled for 30th November".

The Chairman invited Councillor J Geary to ask a supplementary question.

Councillor Geary asked that this matter be brought back before Scrutiny as soon as possible.

Councillor Ashman advised that this was not within his remit but within the gift of the Chairs of the Scrutiny Committees but he was sure that they would take these comments on board and include the item on their work plan as necessary.

(3) The Chairman invited Councillor D Bigby to ask his question addressed to Councillor R Ashman.

"Ashby residents are increasingly concerned about the dereliction of one of their most important historic buildings, the Grade 2* listed Royal Hotel, which is approaching its 200th anniversary and was closed for business in March 2018. When did the Council last inspect the premises, what repair work was found to be required to protect the fabric of the building and what steps are the council taking to ensure that the necessary repairs are carried out and that further deterioration is prevented"?

The Chairman invited Councillor R Ashman to respond.

"Officers have been carrying out regular inspections of the Royal Hotel for the last two years, other than a period during the first national lockdown this year, and have secured a number of repair works where necessary and additional security measures including the provision of steel ventilated window guards on all windows and doors, the introduction of CCTV and improved boundary heras fencing. More recently, the Council last inspected the premises on 6th November 2020, as a follow up to inspections carried out on 3rd August and 30th September where the owner had agreed to carry out a number of repair works identified by the Council by the end of October.

At the inspection on 6th November, it was confirmed that the owner has undertaken some remedial measures as requested including the erection of scaffolding around a number of chimneys, repair work to chimneys, replacement of defective roof tiles and some guttering. However, a number of repairs that the owner agreed to have carried out by the end of October had not been completed. As such, the Council has now served an Urgent Works Notice which requires the owner to ensure removal of the 'tank room', repair the

defective chimney stack, eaves, gutters and fasciae within four weeks of the date of the notice. If the owner does not carry out the necessary works within the specified timescale then the Local Planning Authority can undertake the works and claim back the costs.

Some of the repair works identified by officers are not proposed to be included on the Urgent Works Notice at this stage until such time as further high level investigations are carried out, and in recognition that the updated Condition Survey that is currently being carried out by the owner of the Royal Hotel will provide further clarity on these outstanding matters. However, all other outstanding actions identified will continue to be monitored at regular on-site monthly meetings by officers and further Urgent Works Notices may be necessary in the future.

In terms of the current planning application, the updated Condition Survey currently being undertaken will help inform the applicants enabling development proposals. In addition, the applicants are currently working up amended drawings for the proposed new buildings either side of the hotel and officers have been advised that it is anticipated that a revised package of information including amended plans for the proposed new buildings will be submitted by mid-December and once received, will be sent out for re-consultation.

The latest “Royal Hotel Building Condition and Planning Position Update Report November” 2020 has been circulated to all the Ashby ward members, the Leader and Deputy Leader of the Council and the Chairman of Planning Committee.”

The Chairman invited Councillor D Bigby to ask a supplementary question.

Councillor Bigby asked that, given the failure of the owners to date to progress their plans to refurbish the Royal Hotel, and their apparent reluctance to carry out even the bare minimum of works needed to avoid an Urgent Works Notice, is it not time that the Council started a process of moving towards a CPO which would allow for the serving of a Repairs Notice which could be used to require regular repairs and routine maintenance?

Councillor Ashman advised that he would continue to put pressure on the owners and he would also speak with officers with a view to investigating the points made and provide a response later in the week.

41. MOTIONS

The Chairman advised that he had received two motions for consideration at the meeting and that he would take them in the order they had been received.

- (1) Councillor S Sheahan moved the following motion, the wording of which had changed from that which was published in the agenda and was circulated in the additional papers.

“This Council notes that Commonwealth and Nepalese veterans have a long and proud history of service in the British military. From conflicts of old, such as World War Two, to recent conflicts such as Iraq and Afghanistan, these veterans have served with distinction alongside British-born veterans.

However when their service is complete, many are left with charges to remain in the UK, which in some cases are extremely high. This Council also notes many such veterans state that the Army failed to inform them that they needed to make an immediate application to the Home Office for leave to remain in the UK when their service was complete. Many thought the process was automatic yet this is not the case.

This Council acknowledges the excellent campaign organised by the Royal British Legion to resolve such cases and agree a fairer system for the future, which has gathered all party support. Whilst welcoming the fact that the Ministry of Defence is in communication with the Home Office on this matter, this Council resolves to make their Armed Forces Champion and lead officers aware of the difficulties experienced by Commonwealth and Nepalese veterans and to ensure that those who are currently experiencing problems, whether financial or immigration difficulties, are not disadvantaged whilst their applications are ongoing.

This Council requests that the Leader of the Council write to the Prime Minister, the Parliamentary Under Secretary of State (Minister for Future Borders and Immigration,) Kevin Foster MP and the Parliamentary Under Secretary of State (Minister for Defence People and Veterans,) Johnny Mercer MP, outlining our support for all Commonwealth and Nepalese veterans who have served a minimum of 4 years to be granted the automatic and free of charge right to remain in the UK.

Furthermore, This Council calls upon the Leader of the Council to write to Andrew Bridgen MP for North West Leicestershire, on the behalf of this Council, to ask that he press the Government for a change in the legislation that affects those that have served diligently and honourably for this Country.”

This motion was second by Councillor K Merrie

A full debate was held which received full support for the motion.

The Chairman invited Councillor Sheahan to respond to exercise his right to reply.

Councillor Sheahan thanked Members for their supportive comments and hoped that by accepting this motion it would make a real difference.

By affirmation of the meeting, the motion was carried.

(2) Councillor D Everitt moved the following motion

“That this Council -

- recognises that there is a housing crisis with too few genuinely affordable homes to rent and buy;
- further recognises that the number of new social rented homes built in recent years has been too low;
- notes that the Government has set a target to build 300,000 homes a year, which is unlikely to be achieved without building more social homes;
- further notes that Shelter’s recent report, A Vision for Social Housing, concluded that 3.1 million new social rented homes need to be built over the next 20 years;

and calls on the Government to adopt a target of building 155,000 social rented homes, including at least 100,000 council homes, each year from 2022.”

This motion was second by Councillor S Sheahan.

A full and lengthy debate was held which received mixed views both in favour and against the motion.

An amendment to the motion asking that the social housing be carbon neutral, both in terms of embodied energy and operation energy, was moved by Councillor C Benfield and seconded by Councillor D Bigby.

The Chairman put the amendment to the vote and subsequently declared it LOST with a vote of 24 against and 12 for.

The Chairman invited Councillor Everitt to respond to exercise his right to reply and he challenged some of the views made by members and echoed those which supported the motion.

The Chairman then put the original motion to the vote and subsequently declared it LOST with a vote of 24 against, 11 for and 1 abstention.

42. PETITIONS

No petitions were received.

43. MINUTES

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

Councillor Nigel Smith referenced a comment he had made at that meeting which he believed had been misunderstood. The inference made by some members was not his intention and he reiterated that he did not believe that any whipping had taken place at a meeting of the Planning Committee.

It was moved by Councillor V Richichi, seconded by Councillor J Hault and by affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 8 September 2020 be approved, subject to a minor amendment as set out in the additional papers.

44. COUNCIL DELIVERY PLAN 2020/21

Councillor N Rushton presented the report to Members.

A full and lengthy debate was held which received some support but some reservations were expressed over the detail and what some members felt were omissions.

It was moved by Councillor N Rushton, seconded by Councillor V Richichi and by a vote of 19 for, 4 against and 12 abstentions it was subsequently

RESOLVED THAT: The Council Delivery Plan 2020/21 be adopted.

45. ESTABLISHMENT OF COMPANY TO BE KNOWN AS 'EM DEVCO LIMITED'

Councillor R Ashman presented the report to Members.

A full and lengthy debate was held which received much support but some reservations were expressed, particularly over the costs, sourcing of funding for the Council's

contribution, and on deliverability of the proposals considering external factors such those relating to HS2. But in the main it was felt it was better to be 'in the tent' than 'outside of it' in order that the Council can have some influence on the outcomes.

It was moved by Councillor R Ashman, seconded by Councillor D Harrison and by a vote of 30 for and 4 against it was subsequently

RESOLVED THAT: Council

- (1) Notes the work that has been done to date on this project and the recommendations from Cabinet at its meeting on 10th November 2020 as detailed in the update report;
- (2) Approves making a financial contribution of £500,000 to support the Interim Vehicle over the next 3 years, with the additional funding required to be allocated through the reallocation of existing economic development earmarked reserves no longer required and subject to the agreed funding contributions from other affected local authorities and Government funding being secured;
- (3) Approves the Council to join the Interim Vehicle and participate in the incorporation of it;
- (4) Approves in principle to the Council entering into the Members' Agreement and participating in the incorporation of the Interim Vehicle CLG and delegates authority for agreeing the final form of the Members' Agreement and articles of association to the Strategic Director (Place) in consultation with the Planning and Infrastructure Portfolio Holder;
- (5) Notes the proposal to appoint the Portfolio holder for Planning and Infrastructure as Director of the Interim Vehicle by Cabinet at its meeting on 10 November 2020.

46. NOTIFICATION OF URGENT DECISIONS

Councillor R Ashman presented the report to Members.

It was moved by Councillor R Ashman, seconded by Councillor N Rushton and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

47. APPOINTMENTS TO THE INDEPENDENT REMUNERATION PANEL

Councillor R Ashman presented the report to Members.

It was moved by Councillor R Ashman, seconded by Councillor T Gillard and by affirmation of the meeting it was

RESOLVED THAT:

The appointments of the members of the Independent Remuneration Panel be agreed for a term of office of 18 November 2020 to 17 November 2024.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 9.22 pm

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
COUNCIL – TUESDAY, 23 FEBRUARY 2021



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| Title of Report | BUDGET AND COUNCIL TAX 2021/22 | |
| Presented by | Councillor Nicholas Rushton Corporate Portfolio Holder | |
| Background Papers | Draft Minutes – Corporate Scrutiny Committee -11 November 2020 Draft 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 Final Budget Proposals Reports for 2021/22 – Cabinet 2 February 2021 | Public Report: Yes |
| Financial Implications | <p>This report sets out the General Fund, Housing Revenue Account, Special Expenses Revenue and Capital Programme for 2021/22, which are needed for the Council to continue to deliver its services to residents, tenants and businesses.</p> <p>It also seeks approval for a wide range of fees and charges for 2021/22, including Council Tax, Rents and other charges. These are set out in recommendations section.</p> <p>Signed off by the Section 151 Officer: Yes</p> | |
| Legal Implications | None. | |
| | Signed off by the Deputy Monitoring Officer: Yes | |
| Staffing and Corporate Implications | Appropriate issues are addressed in the report body. | |
| | Signed off by the Head of Paid Service: Yes | |
| Purpose of Report | To allow the Council to approve the 2021/22 budgets and the appropriate Council Tax setting resolution. | |
| Recommendations | COUNCIL IS RECOMMENDED: | |
| | 1. TO NOTE THE S151 OFFICER'S COMMENTS ON | |

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| | <p>THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES, AS REQUIRED BY SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003.</p> <ol style="list-style-type: none"> 2. TO NOTE THE MEDIUM TERM FINANCIAL PLAN APPROVED BY CABINET ON 2 FEBRUARY 2021 AS DETAILED IN APPENDIX 2. 3. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 3A. 4. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 0.5% ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT FROM 1 APRIL 2021. 5. TO APPROVE THE AMENDMENTS TO THE GENERAL FUND FEES AND CHARGES AS DETAILED IN APPENDIX 3C EFFECTIVE FROM 1 APRIL 2021. 6. TO FREEZE THE DISTRICT COUNCIL TAX IN 2021/22. 7. TO APPROVE THE TRANSFER OF ANY GENERAL FUND SURPLUS INCOME OVER EXPENDITURE IN 2021/22 TO THE SELF SUFFICIENCY RESERVE (CURRENTLY BUDGETED AT £1,102,407). 8. TO APPROVE THE SPECIAL EXPENSES REVENUE BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 3D. 9. TO SET THE SPECIAL EXPENSES BAND D COUNCIL TAX AS APPENDIX 6 TABLE B FOR 2021/22. 10. TO APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2021/22 AS SUMMARISED IN APPENDIX 4A. 11. TO APPROVE THE INCREASE IN COUNCIL RENTS FOR 2021/22 BY UP TO 1.5% 12. TO APPROVE THE INCREASE IN GARAGE RENTS FOR 2021/22 BY 0.5%. 13. TO APPROVE THE DECREASE IN CENTRAL HEATING CHARGES FOR 2021/22 BY 5%. 14. TO APPROVE THE AVERAGE DECREASE OF 3.54% IN SERVICE CHARGE FOR 2021/22, AS SET IN APPENDIX 4D. |
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| | <p>15. TO APPROVE INCREASING THE LIFELINE CHARGES FOR EAST MIDLANDS HOUSING AND PRIVATE CUSTOMERS BY 0.5%.</p> <p>16. TO NOTE THAT THE SURPLUS HOUSING REVENUE ACCOUNT INCOME IS TRANSFERRED TO THE LOAN REDEMPTION RESERVE, BUT THAT CABINET MAINTAINS THE ABILITY TO USE THE SURPLUSES MORE FLEXIBLY NOW THE RESERVE HAS SUFFICIENT MONEY TO REPAY THE LOANS DUE IN 2022. THIS APPROACH WAS APPROVED BY COUNCIL IN 2019/20.</p> <p>17. TO APPROVE THE 2021/22 CAPITAL STRATEGY INCLUDED IN APPENDIX 5A (IN LINE WITH THE PRUDENTIAL CODE).</p> <p>18. TO APPROVE THE PROPOSED GENERAL FUND (APPENDIX 5B) AND HOUSING REVENUE ACCOUNT (APPENDIX 5C) CAPITAL PROGRAMMES FOR 2021/22 AND PLANNED FINANCING.</p> <p>19. TO APPROVE THE GENERAL FUND AND HRA CAPITAL PROGRAMMES 2022/23 – 2025/26 FOR INDICATIVE PURPOSES ONLY.</p> <p>20. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2021/22 IN ACCORDANCE WITH REGULATION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:</p> <p style="padding-left: 40px;">(1) 34,841 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE (ENGLAND) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.</p> <p style="padding-left: 40px;">(2) THE AMOUNTS SPECIFIED IN APPENDIX 6 TABLE A OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNT OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.</p> <p>21. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2021/22 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:</p> |
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| | <p>(1) <u>DISTRICT/PARISH GROSS EXPENDITURE</u> £59,633,727 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEM SET OUT IN SECTION 31A (2) OF THE ACT.</p> <p>(2) <u>INCOME</u> £51,142,626 BEING THE AMOUNT BY AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.</p> <p>(3) <u>DISTRICT/PARISH GROSS EXPENDITURE</u> £8,491,101 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 21(1) ABOVE EXCEEDS THE AGGREGATE AT 21(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A(4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.</p> <p>(4) <u>BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)</u> £243.71 BEING THE AMOUNT OF 21(2) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.</p> <p>(5) <u>PARISH PRECEPTS/SPECIAL EXPENSES</u> £2,966,015 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.</p> <p>(6) <u>BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)</u> £158.58 BEING THE AMOUNT AT 21(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 21(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEMS RELATES.</p> <p>(7) <u>BASIC AMOUNT OF TAX (PARISHED AREAS)</u> THE AMOUNTS LISTED IN COLUMN 5 OF TABLE B APPENDIX 6 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO</p> |
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THE AMOUNT AT 21(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREAS TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) DISTRICT/PARISH COUNCIL TAX RATES
THE AMOUNTS SET OUT IN TABLE C APPENDIX 6 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 21(6) AND 21(7) ABOVE BY THE NUMBER WHICH, THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR VALUATION BAND D, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 36(1) OF THE ACT AS THE AMOUNTS TO BE TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.

22. MAJOR PRECEPTING AUTHORITIES
THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE D APPENDIX 6 TO THE REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2021/22 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.

23. COUNCIL TAX BASE – ALL BANDS
THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 21(8) (TABLE C APPENDIX 6) AND 22 (TABLE D APPENDIX 6) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2021/22 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE E APPENDIX 6.

| | |
|--|---|
| | 24. <u>REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u> TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2021/22 IS NOT EXCESSIVE. |
|--|---|

1.0 INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2021/22 together with their respective Capital Programmes. In line with the Prudential Code 2017 there is a requirement for members to approve a Capital Strategy alongside the Capital Programmes for the forthcoming year.
- 1.2 There is also a statutory requirement under the Local Government Act 1992 (as amended) to set the Council Tax for the area for a financial year by 11 March of the preceding financial year.
- 1.3 This action of setting the Council Tax (recommendations 20 to 24) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.
- 1.4 The Council Tax setting part of this report is based on Leicestershire County Council approving the precepts that the Council has been advised of at their meeting on 17 February 2021. As this meeting does not take place until after the issue of this report, any changes made by Leicestershire County Council will be reflected in a revised paper which may need to be tabled at the meeting.
- 1.5 The precepts of Leicestershire Combined Fire Authority and the Police and Crime Commissioner of Leicestershire (the Council's remaining two major precepting authorities) have confirmed their precepts at their respective meetings on 10 and 11 February 2021.
- 1.6 The 2021/22 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by Cabinet on 2 February 2021. The detailed reports are set out as below:
- General Fund and Special Expenses Revenue Budgets – Section 3;
 - Housing Revenue Account Budget and Rent decrease – Section 4;
 - Capital Programmes – Section 5; and
 - Council Tax Setting – Section 6.
- 1.7 Section 2 of this report details the Medium Term Financial Plans 2021-2026 that were approved by Cabinet on 2 February 2021 (included in Appendix 2). The plans present a high level, five year assessment of the financial resources required to deliver the Council's strategic priorities and essential services over the five year period from April 2021 across both the General Fund and Housing Revenue Accounts. The plans are made available to all members to ensure that in setting the annual 2021/22 budget, members have reference to the medium term financial position of the Council.
- 1.8 The final General Fund and Housing Revenue Account budgets include savings targets set under the Journey to Self Sufficiency Programme. An update in respect of the programme can be found in the Medium Term Financial Plans, in Appendix 2 to

this report.

- 1.9 The parliamentary vote on the Final Local Government Finance Settlement for 2021/22 was held on 10 February 2021 and there were no changes to funding proposed as part of the provisional settlement.

Robustness of Estimates and Adequacy of Reserves (Statement to comply with Section 25, Local Government Act 2003)

- 1.10 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.
- 1.11 The Section 151 Officer considers that the estimates which form the General Fund, Housing Revenue Account and Special Expenses budget are robust and prudent, and the proposals are deliverable for 2021/22.
- 1.12 The Section 151 Officer also considers that the overall level of General Fund, Housing Revenue Account and Special Expenses reserves are adequate for 2021/22. Comparisons with other shire district councils via the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index further demonstrates the council's stable financial position. The tool, which becomes publicly available after 19 February 2021, shows the Council to be 'lower risk' compared to other shire districts in respect of its reserves sustainability and level of reserves (based on 2019/20 outturn data). The table below confirms the projected level of reserves available at March 2021.

Table 1 – Forecast Total Council Reserves at March 2021

| Reserves | £'m |
|--|--------------|
| <u>General Fund</u> | |
| General Fund Earmarked Reserves | 11.90 |
| General Fund General Reserves (agreed minimum balance) | 1.54 |
| Self-Sufficiency Reserve | 6.30 |
| Asset Protection Fund | 0.19 |
| Other | -0.01 |
| | <hr/> |
| | 19.92 |
| <u>Housing Revenue Account</u> | |
| Housing Revenue Account Earmarked Reserves | 0.01 |
| HRA working balance | 6.11 |
| HRA Loan Redemption Reserve | 13.00 |
| | <hr/> |
| | 19.12 |
| <u>Special Expenses</u> | |
| Special Expenses Earmarked Reserves | 0.05 |
| Asset Protection Fund | 0.01 |
| Special Expenses General Reserves | 0.08 |
| | <hr/> |
| | 0.14 |
| <u>Other</u> | |
| S106 | 1.62 |
| | <hr/> |
| | 40.80 |

1.13 The Section 151 Officer notes the following in respect of the General Fund:

- a) As the COVID-19 pandemic continues to affect the council's operations there is likely to be variances in the budgeted position of income and expenditure in the new financial year, particularly on the General Fund. Of particular note is that at the time of writing this report, officers are working with the council's leisure operator Everyone Active to understand the potential level of further financial support that may be required throughout the 2021/22 financial year. Any agreed financial support will affect the General Fund budgeted surplus position.
- b) Additionally, the final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions and any agreement that is not aligned with the council's budgetary estimate will (as is typical in any budget year) result in either a favourable or adverse variance that affects the budgeted outturn position on the General Fund.
- c) 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.
- d) 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 which also has the potential to affect the council's spending. The Council has begun to scope its response to these matters through its Journey to Self Sufficiency Programme. Specifically, the CIPFA Financial Resilience Index highlights the council being at higher risk in respect of its accumulated business rates growth above baseline in comparison to other shire district councils, a theme which is well understood and documented in the General Fund medium term financial plan.
- e) 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.
- f) The updated MTFP presents a total deficit between 2021/22 and 2025/26 of £5.2 million, and is contingent on the delivery of the £5.1 million 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.
- g) By March 2022, the Council's Self-Sufficiency reserve is forecast to stand at £7.4 million, subject to funding commercial initiatives presented to Cabinet for approval.

1.14 The Section 151 Officer notes the following in respect of the Housing Revenue Account:

- a) The council's current projections with the HRA MTFP show a stable five year financial position when considering the level of reserves available to balance projected deficit years. The plan includes £2.65 million of targeted Journey to Self Sufficiency savings.

Consultation Process

- 1.15 The budget consultation for 2021/22 consisted of scrutiny by members of the Corporate Scrutiny Committee, Coalville Special Expenses Working Party, statutory, public and tenant consultation.

General Fund and Special Expenses Revenue Budget 2021/22

Corporate Scrutiny Committee

- 1.16 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.
- 1.17 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 background paper. As detailed in paragraph 3.13 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

- 1.18 The statutory consultation on the 2021/22 budget proposals commenced in the 21 December 2020 and closed 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. There has been three responses received, the response is included in Appendix 1a.

Coalville Special Expenses Working Party

- 1.19 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 has been included as a 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

- 1.20 An online consultation commenced on the 21 December 2020 and closed on the 7 February 2021. The survey asks respondents 'what feedback would you like to give us on the council's proposed budget for 2021/22'. No responses in relation to the general fund revenue budget have been received.

Housing Revenue Account (HRA) Budget Proposals for 2021/22

Corporate Scrutiny Committee

- 1.21 The Corporate Scrutiny Committee met on 6 January 2021 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.
- 1.22 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. Whilst responsive repair requests have reduced as a result of the pandemic, the reduction of this budget is based more on a long-term decline in repair costs.
- 1.23 No changes have been made to the HRA budget as a result of comments from the Corporate Scrutiny Committee.

Tenants

- 1.24 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 2021 and the Tenant and Leaseholder Consultation Forum on 12 January 2021. 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.
- 1.25 No comments were made by the Tenant Scrutiny Panel or the Tenant and Leaseholder Consultation Forum.
- 1.26 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 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.
- 1.27 No changes have been made as a result of these comments.

Capital Programmes – General Fund and HRA 2021/22-2025/26

Corporate Scrutiny Committee

- 1.28 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.
- 1.29 Members of the Committee informed officers of errors within the HRA capital programme relating to the off-street parking provision. The off-street parking budgets have been reviewed and rebased as a result.

Housing Tenants (HRA Only)

- 1.30 We have 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.
- 1.31 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 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

- 1.32 Trade Unions have been provided with a copy of the budget reports and given opportunity to provide feedback. No comments have been received.

Public Consultation

- 1.33 An online consultation commenced on the 21 December and closed on the 7 February 2021. The survey asks respondents' what feedback would you like to give us on the council's proposed budget for 2021/22'. No comments have been received in relation to the capital programmes.

2.0 MEDIUM TERM FINANCIAL PLANS 2021/22-2025/26

- 2.1 The Medium Term Financial Plans 2021/22 to 2025/26 were approved by Cabinet at its meeting on 2 February 2021. The plans present a revised position based on the projected 2020/21 financial outturn and 2021/22 budgeted presented to members. The predicted deficit arising on the General Fund over the period is £5.2 million.
- 2.2 The Housing Revenue Account is predicting a deficit of £1.9 million over the same period, which is caused by a greater need to fund the five-year HRA capital programme, which has increased by £4.6 million since last year. The deficit represents the need to utilise some of the HRA's reserves, which are forecast to be £6.1 million at the end of March 2021. This is in line with the proposal, agreed as part of the 2019/20 budget, to utilise HRA surpluses more flexibly.
- 2.3 Both plans include targeted savings as part of the Journey to Self-Sufficiency Programme which serves to achieve the predicted deficits on both the General Fund and HRA. The value of the savings built into plans over the period are £5.1 million for the General Fund and £2.6 million for the HRA.
- 2.4 The 2021/22 to 2025/26 Medium Term Financial Plans as approved by Cabinet on 2 February can be found in Appendix 2.

3.0 GENERAL FUND AND SPECIAL EXPENSES BUDGET 2021/22

- 3.1 The General Fund and Special Expenses budget proposals for 2021/22 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 3 to 9, as set out at the front of this report.
- 3.2 Given the proposals in respect of net revenue expenditure and funding forecasts are detailed below, the 2021/22 budgeted contribution to reserves is £1.1 million which would take the projected self-sufficiency reserve to £7.4 million by March 2022. The Budget Summary for 2021/22 can be found at Appendix 3a.

Budget Setting Context

- 3.3 The government published its Final Local Government Finance Settlement on 10 February following parliamentary debate. The settlement confirms funding for the General Fund and there have been no changes since the Provisional Settlement was published on 17 December 2020.
- 3.4 Alongside the settlement publication, government have also published their final policy paper in respect of the COVID-19 support package for local government in 2021/22, following consultation in December.
- 3.5 Funding estimates included in the budget remain in line with the confirmed funding both as part of the settlement and the COVID-19 support package. Combined, the two areas of government funding have increased the level available to the Council for 2021/22 compared to the draft budget. More detail can be found below.

General Fund 2020/21 – Projected Outturn

- 3.6 The uncommitted balance on the General Fund is currently £1.5 million which reflects the minimum operating balance approved as part of the 2018 Medium Term Financial Strategy.

- 3.7 The third quarter Performance Report is due to be considered by the Corporate Scrutiny Committee and Cabinet at its meetings 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.
- 3.8 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.
- 3.9 The forecast outturn position presented as part of Appendix 3a is based on the forecast outturn at Period 9.

2021/22 General Fund Net Revenue Expenditure Proposals

- 3.10 The Councils net revenue expenditure position is affected by three main elements which include: the net revenue expenditure in relation to the provision of services net of income generated through fees and charges and other income (including additional grants authorities apply for, which are not part of central government funding); and financing costs, broadly made up of investment income, interest charged in respect of loans and the minimum revenue provision charge in respect of unsupported borrowing to fund capital expenditure.
- 3.11 For 2021/22, there is a decrease in net revenue expenditure of £276,000. The main reasons for this decrease 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). 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. Included in Appendix 3b is a saving in relation to the management fee to be paid to the Leisure operator Everyone Active of £90,340, which represents the planned reduction in the fee as part of the contract. At the time of writing this report, officers are working with Everyone Active to understand the potential level of further financial support that may be required throughout the 2021/22 financial year. It is anticipated that the agreed level of support will likely be funded from the anticipated General Fund budgeted surplus.
 - b) Cost Pressures – proposed additional budget provision to cover unavoidable cost pressures, the total of these is £1.49 million
 - c) Service Developments – proposed additional budget provision to cover the enhancement of services, the total of these is £291,000.
 - d) Staffing increases – which included the cost of the pay award, pension increases and incremental salary progression for 2021/22. The additional cost is £232,000.

Final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions. Any agreement that is reached that is not aligned with the council's budgetary

estimate, will, as is typical in any budget year, result in either a favourable or adverse variance that affects the budgeted outturn position on the General Fund.

- e) De-minimus budget movements across the General Fund which total 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.

3.12 A full list of proposals as outlined above can be found in Appendix 3b and further information in relation to Savings, Cost Pressures and Service Developments can be found in the General Fund budget reports presented to Cabinet on the 8 December 2020 and 2 February 2021. A link to the Cabinet meetings is included in the background papers.

3.13 There has been one amendment to the budget since it was presented to Cabinet on the 2 February 2021. At the meeting a verbal update was proposed and supported by Members that the £6,500 provision for litter picking be enhanced to £15,000 in order to allow each Parish and Town Council (including Coalville Special Expenses) to be allocated £576 for the supply of equipment. Supporting volunteer litter pickers was highlighted as a positive and sensible solution to an ongoing problem across the District. The impact of the General Fund is an additional £8,500, this has been included as a service development within the total in paragraph in 3.11(c).

Fees and Charges

3.14 The council provides a wide range of services to local residents, businesses and visitors and generated 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 grants. In addition, charging for services can also present opportunities to achieve the council's corporate priorities.

3.15 Appendix 3c provides a comparison of 2020/21 and 2021/22 Fees and Charges for those fees that have changed.

2021/22 Funding

3.16 The budgeted position for next years and assumptions around future years is aligned with the Final Local Government Finance Settlement (LGFS). For 2021/22, there is an increase in total funding of £196,000.

3.17 Additional financial support in response to COVID-19 includes:

- Confirmation of £478,000 of COVID-19 emergency funding. 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 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 (further information below).
- Local Council Tax Support Grant of £103,000. 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.

- 3.18 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 reliefs 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 3a 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.
- 3.19 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.
- 3.20 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 3.18 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.
- 3.21 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).
- 3.22 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.

Indicative Budget Position 2022/23 to 2025/26

- 3.23 Included in Appendix 3a for illustrative purposes only is the forecast revenue budget position for 2022/23 to 2025/26. These estimates have been developed by budget holders across the Council, taking into consideration known budgetary changes and assumed inflationary increases and align with the council's MTFP.

Special Expenses

- 3.24 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).
- 3.25 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. There has also been one change since the final budget was presented to Cabinet in February, a piece of land has been transferred to Osgathorpe Parish Council and therefore no Special Expenses council tax is required for this area. The changes in the council tax rates are detailed below:

Table 2 – 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 | -£1.78 | £0.00 |
| 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 |

- 3.26 The Special Expenses Budget Summary for 2021/22 – 2024/25 can be found in Appendix 3d.

4.0 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2021/22

- 4.1 The proposed Housing Revenue Account budget proposals for 2021/22 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 10 to 16, as set out at the front of the report. A summary of the 2021/22 HRA budget can be found in Appendix 4a.

Budget Setting Context

- 4.2 The budget has been prepared in accordance with Government's rent policy, which allows for rents to be increased by up to 1% above inflation, as measured by the Consumer Price Index. This is the second year of this policy and it follows a period of 4 years of 1% rent reductions.

2020/21 HRA Budget – Projected Outturn

- 4.3 Forecast surplus on the HRA in the current financial year is now £2.4 million, which is £366,000 less than budgeted. This is mainly due to the national lockdowns 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.

2021/22 Housing Revenue Account Budget

- 4.4 The 2021/22 HRA budget is based upon the 2020/21 budget, with adjustments to reflect the known and anticipated changes for 2021/22. There are three main areas of the budget:

- The income we receive, which is a result of the rents and fees and charges we receive.
- The costs associated with running our day to day landlord business, such as management and repairs costs.
- Longer-term costs associated with our business, such as financing costs or contributions made towards the capital programme.

- 4.5 The proposed 2021/22 budget is set out in Appendix 4a, and budgets for a net surplus of £35,000.

Rents

- 4.6 The vast majority of HRA's income comes from the rent received from our tenants. How much we can vary our rents by is limited by the Ministry for Housing, Communities and Local Government to 1% more than inflation, as measured by the Consumer Price Index in the September before a financial year. For 2021/22 this means rents can increase by 1.5%.

- 4.7 As with previous years, the council is proposing to increase rents by the maximum that it can, 1.5%. As a result rental income is budgeted to increase by £139,000, which can be reinvested back into our properties and the services provided to tenants.

- 4.8 This will increase the average rent on our social rented properties by £1.22 per week to £83.56. Average rent for our affordable rent properties will rise by £1.66 per week to £113.19. Our rent policy remains that no rents will exceed the Local Housing Allowance rates, which means all of our rent could be covered by housing benefit or universal credit, should a tenant be eligible for such support.

Fees and Charges

- 4.9 The HRA also benefits from some additional income from fees and charges that we set for additional services provided to tenants and others. Additional services provided to tenants through their rental agreement form our service charges, which are listed in Appendix 4d. The charges are set at a level to recover the council's costs of delivering those services. The 2021/22 budget includes income of £541,000, down by £20,000 (3.5%) from the previous year. Key changes include:

- **A 14.7% fall in grounds maintenance charges.** The grounds maintenance service was temporarily paused in response to the pandemic, resulting in a cost saving which can be passed on to tenants. This reduces the HRA's income by £16,000.

- **Utility costs for common areas are falling by 5%.** This is the result of invoices being lower in 2020/21 than anticipated, and will reduce income by £2,000.
- **The income from the administration fee is falling by 5.37%.** As the administration fee is set at 15% of chargeable services, the overall reduction in service charges leads to a lower administration fee, reducing HRA income by £3,000.
- **Fire extinguisher servicing costs increasing by 7.5%.** This is based on analysis of the historic cost increases. Whilst the percentage increase is large, the value is very small, with just £64 additional income.

4.10 The HRA also sets a number of other fees and charges, which are for optional services we provide, such as contents insurance. These are included in Appendix 4c with a reduction in income of £3,000 expected in addition to the reduction in income from service charges.

4.11 The HRA also earns interest on the cash reserves it holds. The pandemic has resulted in a significant fall in the interest that the council can earn on its cash balances, and so the budgeted income from investments have fallen from £110,000 last year to just £3,000 this year.

Planned Expenditure

4.12 Appendix 4b sets out the main changes to the planned expenditure for 2021/22. These changes include:

- a) Cost Pressures – a total of £547,000 of additional costs to manage our day to day business. This includes five additional posts in the commercial services staffing to deliver the larger home improvement programme, additional costs for renewing software licences and an increase in corporate recharges from the General Fund.
- b) Changes in Income – additional income of £65,000. This includes additional income from rental income and fees and charges, estimated additional surplus for the in-house repairs team and reduction in income in relation to investment income.
- c) Service Development – a total of £60,000, in relation to additional staffing costs for an additional Tenancy Sustainability Officer and to allow the continued development of the new Housing IT system for its first year of operation.
- d) Savings – a total of £285,000 of savings have been proposed. These largely come from a reduction in the responsive repairs and painting budgets.
- e) Journey to Self-Sufficiency Programme – The target for reducing our costs, or increasing our income is £225,000 in 2021/22.

4.13 Specifically, staffing increases, which include the cost of the pay award, pension increases and incremental salary progression for 2021/22 amount to an additional cost of £82,000. Final confirmation of the pay award for Local Government remains in negotiation between the Local Government Association and the trade unions. Any agreement that is reached that is not aligned with the council's budgetary estimate, will, as is typical in any budget year, result in either a favourable or adverse variance that affects the budgeted outturn position on the HRA.

4.14 We will also make a £3.65 million revenue contribution to capital outlay (RCCO) in 2021/22. This will part fund the HRA Capital Programme, which is set out from paragraph 5.19.

4.15 The first two maturity loans, totalling £13 million, will become redeemable in 2021/22. The Loan Redemption Reserve will be used to repay these loans in full.

5.0 CAPITAL PROGRAMMES – GENERAL FUND AND HOUSING REVENUE ACCOUNT (HRA) PROGRAMMES 2021/22 – 2025/26

5.1 The proposed General Fund and HRA Capital Programmes for 2021/22 to 2025/26 were considered by Cabinet on 2 February 2021 and are recommended to Council for approval. See recommendations 17 to 19, as set out at the front of this report.

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

General Fund Capital Programme – Estimated Outturn 2020/21

5.3 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.

5.4 This managed decrease is caused by the following:

Table 3 - General Fund Capital Programme – Estimated Outturn 2020/21

| | £ | £ |
|---|-----------|-------------------|
| 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 |

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

Table 4 – General Fund Financing

| | £ |
|----------------------------------|-------------------|
| 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 |

- 5.6 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.

Special Expenses Capital Programme – Estimated Outturn 2020/21

- 5.7 There was no special expenses capital programme for 2020/21.

Housing Revenue Account (HRA) Capital Programme – Estimated Outturn 2020/21

- 5.8 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.

Table 5 - Housing Revenue Account (HRA) Capital Programme – Estimated Outturn 2020/21

| | £ | £ |
|--|-------------|-------------------|
| 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 |

- 5.9 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.

Table 6 – HRA Capital Programme Financing

| | £ |
|---|------------------|
| 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 |

General Fund Capital Programme 2021/22 to 2025/26

- 5.10 The General Fund Capital Programme for 2021/22 to 2025/26 is detailed in Appendix 5b. This programme provides for a continuation of the current Disabled Facilities Grant Scheme and the Vehicle Replacement Programme.
- 5.11 Schemes shown as slippage from 2020/21 and carried forward to 2021/22 are detailed in the table in 5.4 above.
- 5.12 New schemes for 2021/22 (as detailed in the table below) are included in the capital programme for approval. The total funding requirement for the new schemes is £1.4 million. The majority of the new funding is the regeneration of Coalville.

Table 7 - General Fund Capital Programme 2021/22 to 2025/26

| | £ | £ |
|--|------------|------------------|
| Indicative Capital Budget 2021/22 | | 8,104,310 |
| | | |
| New Schemes for 2021/22: | | |
| We plan to invest £3 million over three years in the regeneration of Coalville. Included within the draft | £1,373,000 | |

| | | |
|---|--------|------------------|
| <p>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'.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | | |
| <p>We plan to invest £50,000 on installation of a gate on the road leading to Breedon on the Hill Church. The investment will include obtaining planning permission, design and build of a gate on the road leading to Breedon church. This is a programme of work aimed at protecting a Grade 1 asset within the district that has been subject to long standing anti-social behaviour. The solution is to erect a gate and limit night time activity, an application has been made to the Department for Transport and also some design works and S278 in consultation with the County Council. The budget is to support this work to its conclusion. The Parish Council or the quarry would not have the expertise to be able to deal with the detailed negotiations and design works required.</p> | 50,000 | |
| | | 1,423,000 |
| <p>Changes to existing schemes for 2021/22:</p> | | |
| <p>We plan to invest an additional £75,000 in the existing Finance System Implementation programme. We currently have £100,000 in the</p> | 35,000 | |

| | | |
|--|------------|-------------------|
| 2020/21 capital programme and a £400,000 revenue reserve. The authority has engaged a consultant to assist with the procurement stage of the project and they have advised that our current budget will not be sufficient for the implementation of the new finance and cash receipting systems. It is estimated that additional capital funds of £35,000 will be required in 2021/22 and £40,000 in 2022/23. A portion of the implementation costs will be recharged to the HRA, however the accounting treatment for this is still being worked through. The amounts and recharge will be confirmed in the final budget. | | |
| We plan to reduce the laptop replacement programme. There will be a reduction in the laptop replacement programme of £23,000 in 2021/22 due to additional spend in the current year to set up officers to be able to work from home during the pandemic – thereby effectively having brought forward the investment into the current financial year creating a saving next year. However, now that more officers have laptops these will require replacement every five years and so there will be an additional £150,000 over the 5 year period, but later in the 5 year programme. | -23,000 | |
| We plan to amend the Fleet Programme. The majority of the increase is the vehicles required for the food waste recycling rounds and additional vans required within the housing service. More details in paragraph 5.13 below. | 498,320 | |
| We plan to re-profile the budget for the new Coalville and Whitwick Leisure Centre. Due to the delays with the project and the original budget was based on estimates, the planned spend has been re-profiled to reflect the forecast spend. Originally there was no budget for 2022/23. There are no savings just reallocation of budget over the years. | -3,004,125 | |
| | | -2,493,805 |
| | | |
| 2021/22 Revised Budget | | 7,033,505 |

5.13 Fleet Programme

Fleet replacement is a rolling programme. Each year a number of vehicles come to the end of their useful economic life when each of the vehicles are reviewed based on the age, condition, mileage or potential risk of major repairs (due to being out of warranty). A decision is made to replace the vehicle or to extend its life for a further period. Since November 2020, the current fleet replacement programme is on hold whilst officers investigate lower carbon options compared to the diesel vehicles currently being used. Once the review has been concluded, a report will go to Cabinet and, if required, Council to seek the necessary approvals on the preferred options.

- 5.14 Due to service requirements, approval will be sought to amend the previously agreed 2021/22 fleet budget from £865,000 to £1.36 million, a net increase of £498,000. The majority of this increase required is for the food waste recycling rounds and additional vans required within the housing service for new operatives commencing in April.

- 5.15 The total fleet budget for 2021/22 is now as follows, however, this may change following the lower carbon options review of fleet:

Table 8 – Fleet Programme

| Vehicles / Plant & Equipment | Original Budget £ | Revised Budget £ |
|---|------------------------------|-----------------------------|
| Refuse / Recycling Vehicles | 220,000 | 240,000 |
| Food Waste Vehicles | - | 288,320 |
| Market Vehicles / Cars | 90,000 | 75,000 |
| Vans Small | 45,000 | 37,500 |
| Vans Medium - Housing | 32,000 | 198,000 |
| Vans – Pickup | 100,000 | 90,000 |
| Sweepers | 180,000 | 180,000 |
| Digger/Misc Plant | 130,000 | 172,000 |
| Mowing | 68,000 | 82,500 |
| TOTAL | 865,000 | 1,363,320 |

5.16 Disabled Facilities Grants

The Disabled Facilities Grant is a capital grant paid to local authorities that can meet, or contribute towards the costs of adapting a person’s home. This can help eligible people to stay in their homes for longer and live safer, healthier and more independent lives. It is proposed to continue with the Disabled Facilities Grant function that has been delegated to the lead authority (Blaby District Council) under the Lightbulb Project Scheme. As this is a rolling programme, the scheme has been updated to include 2025/26 and amounts revised based on the forecast grant to be received.

Special Expenses Capital Programme 2021/22 to 2025/26

- 5.17 There are no new schemes identified to commence on 2021/22 to 2025/26.

Housing Revenue Account (HRA) Capital Programme 2021/22 to 2025/26

- 5.18 The HRA Capital programme (Appendix 5c), 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.

- 5.19 The HRA Capital Programme for 2021/22 and onwards consists mainly of:

a) New Supply Programme

The New Supply programme amounts to £5.1 million for 2021-22. This is £1.0 million lower than originally expected during this year due to re-profiling based on the status of the new build programme. There is also a provision of £760,000 for the general purchase of land or properties, either from the open market, through buying back properties previously sold through right to buy, or to purchase new build properties built through section 106 agreements.

b) Home Improvement Programme (HIP)

This follows a review of the latest stock condition surveys, which have now been completed on over half the stock, to estimate the latest requirement to ensure our homes remain Decent. The planned work has been spread over a five year

£22.5m programme, or £4.5 million per year. This gives greater certainty over the level of work that will need to be completed by the in-house repairs team allowing for more effective resource planning and reducing the reliance on agency staff to adjust to peaks of workload.

c) Zero Carbon Programme

This is a new programme with an initial £250k set aside to pilot works to reduce carbon emissions from our 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.

d) Other Schemes/Miscellaneous

Other changes to the capital programme include:

- The Sheltered Housing Improvements Programme has been delayed a year. Initial design work will now begin in 2021-22 with a £50k budget provision.
- The Estate Improvement programme has reduced by £220k to £560k. this follows a review of deliverability of the capital programmes, with £50k of the reduction coming from the footpaths and un-adopted roads work and £170k from other estates projects.
- An additional member of staff will be recruited to support the delivery of the New Supply Programme.

CAPITAL RESOURCES

General Fund

5.20 Appendix 5b provides details on how the five year General Fund capital programme will be funded. The General Fund Capital Programme for 2021/22 will be funded by:

Table 9 – General Fund Capital Resources

| | £ |
|--|-------------------|
| 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 |

- 5.21 Funding is in place for 2021/22 for the Disabled Facilities Grants Scheme of £670,310.
- 5.22 A capital receipt of £4.4 million has been identified for the Leisure Centre Project.
- 5.23 A contribution from reserves of £1.6 million for the Marlborough Square Project.
- 5.24 A revenue contribution of £59,000 for the electrical vehicle charging points.
- 5.25 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

- 5.26 Appendix 5c provides detail on how the five year Housing Revenue Account capital programme will be funded. In 2021/22, the funding streams are:

Table 10 – HRA Capital Resources

| | £ |
|---|-------------------|
| 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 |

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

6.0 SETTING THE COUNCIL TAX

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

6.2 Recommendations 20(1) and 20(2)

The amount in these recommendations are the Council Tax Base for 2021/22 year (Recommendation 20(1)) and the Council Tax Base for 2021/22 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 20(2)) both as shown in Table A Appendix 6.

6.3 Recommendations 21(1)

The amount at recommendation 21(1) is the Council's estimated gross expenditure for 2021/22 including the Special Expenses plus the Parish Precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

Table 11 – Gross Expenditure 2021/22

| | £ |
|---------------------------------|-------------------|
| District Gross Expenditure | 56,128,872 |
| Parish Precepts | 2,402,448 |
| Surplus Income over Expenditure | 1,102,407 |
| Total | 59,633,727 |

6.4 Recommendations 21(2)

This is the District Council's estimated gross income for 2021/22 from fees, charges rents, specific and general Government Grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

Table 12 – Estimated Gross Income 2021/22

| | £ |
|---|-------------------|
| Fees and Charges, Rents, specific Government Grants | 41,179,082 |
| Formula Grant | 0 |
| National Non Domestic Business Rates | 3,875,653 |
| Business Rates Reserve | 3,735,215 |
| New Homes Bonus | 2,452,094 |
| Transfer from Collection Fund | (99,418) |
| Total | 51,142,626 |

6.5 **Recommendations 21(3)**

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 21(1) above gross income at 21(2) above. It is calculated as:

Table 13 – Council Tax Requirement 2021/22

| | £ |
|-------------------|------------------|
| Gross Expenditure | 59,633,727 |
| Less Gross Income | 51,142,626 |
| Total | 8,491,101 |

6.6 **Recommendations 21(4)**

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

Where:

R is the Council's Council Tax Requirement i.e. as Recommendation 21(3) above

T is the Council Tax Base

Therefore:

$$\begin{aligned} & \underline{\underline{\pounds 8,491,101 (R)}} \\ & \quad \underline{\underline{34,841 (T)}} \\ & \quad = 243.71 \end{aligned}$$

6.7 **Recommendations 21(5)**

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

Table 14 – Total Special Expenses and Parish Precepts

| | £ |
|------------------|------------------|
| Special Expenses | 563,567 |
| Parish Precepts | 2,402,448 |
| Total | 2,966,015 |

6.8 Recommendations 21(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 21(4) the sum of the Special Expenses plus Parish Precepts (Recommendation 21(5) divided by the District Council Tax base):

$$\begin{array}{r} \pounds 243.71 \quad - \quad \underline{\pounds 2,966,015} \\ \quad \quad \quad 34,841 \\ \hline = \pounds 158.58 \end{array}$$

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

6.9 Recommendations 21(7)

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 21(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council Tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 21(6).

6.10 Recommendations 21(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 21(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 21(7) (where there are parish precepts and/or Special Expenses), the proportion listed in Section 5(1) of the Local Government Act 1992 as they relate to the proportion allocated at Band D as follows:

Table 15 – Proportion of Basic Council Tax allocated at Band D

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

6.11 Recommendations 22

In issuing their precepts for the financial year 2021/22 Leicestershire County Council, Leicester Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band. There will be an update at the District Council meeting should the County Council's information change.

6.12 Recommendations 23

This amount is calculated by adding together the amounts in recommendation 21(8) and the amounts in recommendation 22. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support which replaced Council Tax Benefits from 1 April 2013.

6.13 Recommendations 24

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

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2021/22 would be considered excessive if it is higher of either 2% greater than its relevant basic amount of Council Tax for 2020/21 or £5.

As no increase in Council Tax is being recommended for the district share of the council tax and the Special Expenses element that only affects a proportion of the district are all less than £5 there is no question of the basic amount of Council Tax for 2021/22 being determined as excessive. Table F Appendix 6 shows the percentage increases.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | The General Fund, HRA, Special Expenses and Capital budgets help the Council to achieve all its priorities. |
| Policy Considerations: | The HRA budget sets out our rent policy for 2021/22, in line with national guidance. |
| Safeguarding: | No issues. |
| Equalities/Diversity: | <p>We have considered the impact of changes to the HRA budget on the protected characteristics defined within the Equalities Act.</p> <p>The changes to rent could adversely affect those with protected characteristics within our properties, particular age as the demographic of our tenants tends to be older people. However, this is offset by the benefits of increased investment in our housing stock and the general benefit of a financially sustainable landlord service that can continue to offer lower cost accommodation.</p> <p>No material impacts have been identified on the General Fund budgets.</p> |
| Customer Impact: | <p>The majority of our tenants will be impacted by the increase in rents set out within this report.</p> <p>Residents and businesses will be affected by the General Fund's Fees and Charges, set out in Appendix 3b.</p> |
| Economic and Social Impact: | No issues. |

| | |
|------------------------------------|--|
| Environment and Climate Change: | Officers continue to consider the cost and resource implications of how the Council can achieve carbon neutrality by 2030. Any additional costs of incorporating lower carbon measures on the General Fund will be funded via the Climate Change Reserve or through additional revenue contribution to capital outlay on the HRA. |
| Consultation/Community Engagement: | <ul style="list-style-type: none"> • Corporate Leadership Team (CLT). • Housing and Property Services Portfolio Holder • Corporate Scrutiny Committee • Parish Council's • Trade Unions • Federation of Small Businesses • Public consultation between 21 December 2020 and 7 February 2021 • Tenants, via the Performance and Finance Working Group and the Tenants and Leaseholders Forum. |
| Risks: | The budgets will be monitored throughout the year to ensure savings are achieved and services delivered as planned. Separate risks relating to individual budgets are outlined in the report. |
| Officer Contact | Tracy Bingham Head of Finance and Section 151 Officer tracy.bingham@nwleicestershire.gov.uk |

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Budget Consultation Responses

| Respondee | 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. |
| Whitwick Parish Council | <p>Further to your notification of the above consultation and the cabinet reports that were shared with members. The parish council met on 21 January 2021 and had no opinions that it wished to submit.</p> <p>Thank you for the opportunity to consider this.</p> |
| A Parish Councillor Castle Donington Parish Council | At the meeting of Castle Donington Parish Council on 28 th January 2021, an item on the agenda was the District Council's "Budget Consultation 2021/22". I was very pleased to see that the District Council is not planning to increase the District's share of Council Tax in 2021/22 and that this will be the twelfth year without an increase. At the Parish Council's meeting I proposed that the Parish Council should congratulate the District Council on this remarkable achievement. Sadly, no parish councillor supported my proposals but some councillors may not have read as far as paragraph 6.5. Despite the Parish Council not supporting my proposals, may I offer my own congratulations to the District Council for not planning to increase the District's share of Council Tax in 2021/22, a twelfth year without an increase, and Council Tax payers should indeed be grateful. |

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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 | Public Report: Yes |
| | Medium Term Financial Strategy – Cabinet, 6 February 2018 | 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 five 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 beyond, 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.

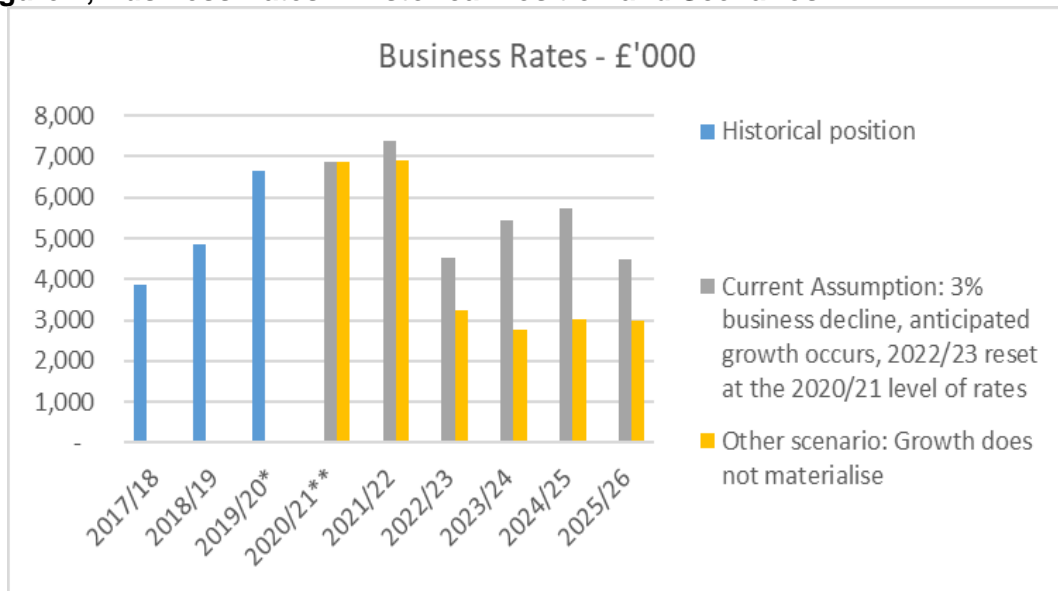
4.2.6 The assumption in the MTFP is that the baseline is reset in 2022/23, based on the level of level of rates achieved in 2020/21, however this date remains unconfirmed by government currently. When delivering his provisional LGFS statement to the Housing of Commons, the Secretary of State set out 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.

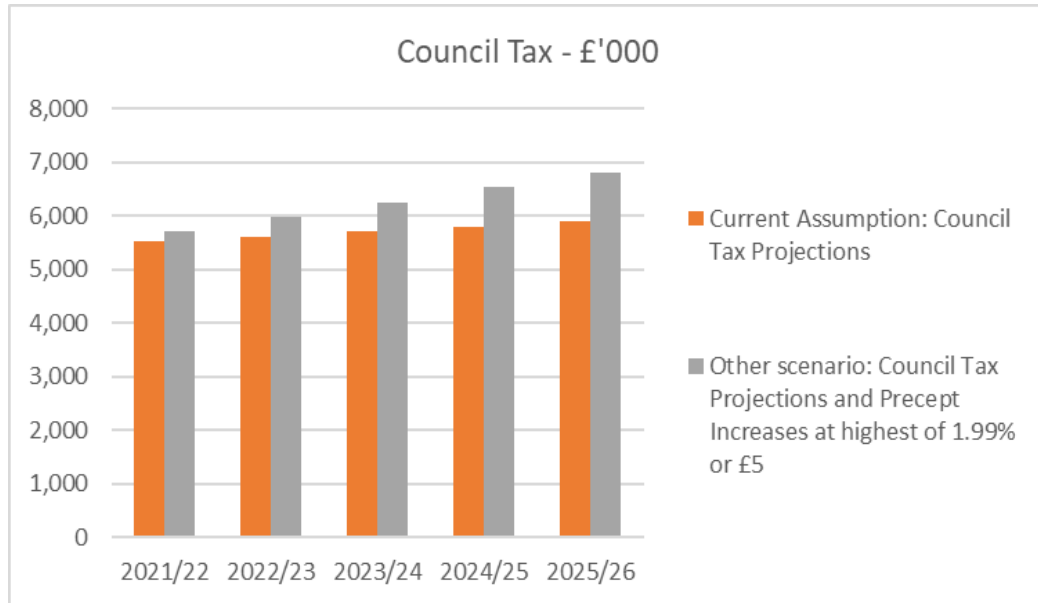
4.2.10 Council Tax Growth: The impact of the pandemic and future growth.

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.

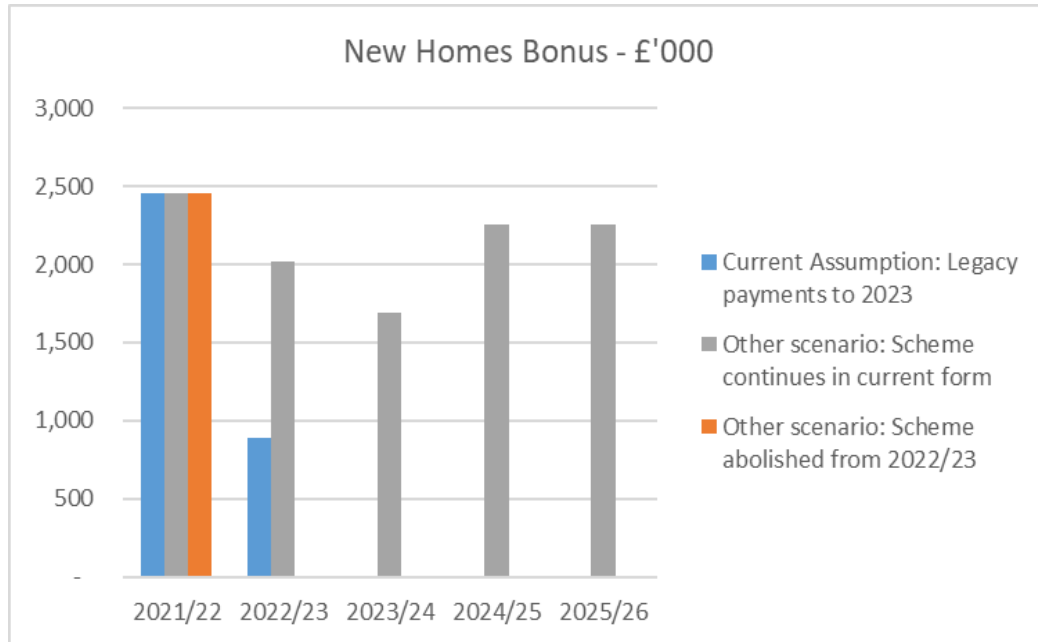
Figure 2, Council Tax – Effect of Assumption Changes on Future Years and Scenario on Council Tax Increases



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 Transitional Funding. Transitional 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 Transitional 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 transitional funding over the 5 year period, which is considered more prudent given the uncertainty.

Medium Term Financial Plan – Revised Projections

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 |

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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 | 6,824,880 | 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 | 8,739,960 | 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 | 15,018,480 | 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 | 13,436,330 | 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 | 47,613 | 31,741 | 15,871 | 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 | 14,936,500 | 15,666,969 | 15,441,708 | 15,700,667 | 16,095,568 |
| 630,368 | 223,679 | Contribution to/(from) Balances/Reserves | 1,102,407 | 1,362,715 | (362,889) | (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 | 3,337,032 | 4,512,315 | 5,450,729 | 5,721,129 | 4,477,403 |
| | 0 | Business Rates Reserve | 4,273,836 | 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 |

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 | -£41,083 | 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 | -£1,915,051 | |

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 | £15,000 | One-off |
| Total | £291,480 | |

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 | £3,544,573 | Ongoing |
| Business Rates Reserve (increase) | -£4,273,836 | One-off |
| Lower Tier Funding | -£550,277 | One-off |
| Total | -£196,020 | |

| COMPARISON OF 2020/21 AND 2021/22 FEES AND CHARGES | | | | | | | | |
|--|----------------|---|-------------------|----------------------|----------------------|---|---|---------------------------------|
| Chargeable Service | 2020/21 | | 2021/22 | | | | Basis for Change | Charging Policy |
| | 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 |

| Chargeable Service | 2020/21 | | 2021/22 | | | | Basis for Change | Charging Policy |
|--|----------------|---|-------------------|----------------------|-----------------------|---|---|---------------------------------|
| | 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 |

| Chargeable Service | 2020/21 | | 2021/22 | | | | Basis for Change | Charging Policy |
|--|----------------|-------------------------------------|-------------------|----------------------|--|-------------------------------------|--------------------------------|--------------------|
| | Budget 2020/21 | Notes | Estimates 2021/22 | Increase/ (Decrease) | Percentage Change | Notes | | |
| 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 |
| Environmental Protection-Car Parking Tariffs | £366,810 | Fees varies between £0.50 to £36.00 | £231,600 | (£135,210) | Between 0%-25% | Fees varies between £0.60 to £36.00 | To enable a breakeven position | Full Cost Recovery |

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SPECIAL EXPENSES BUDGET SUMMARY

| SPECIAL EXPENSES | 2020/21 | | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|----------------|--------------------------|----------------|----------------|----------------|----------------|----------------|
| | Budget | Forecast Outturn @ P9 | Budget | Indicative | Indicative | Indicative | Indicative |
| | £ | £ | £ | £ | £ | £ | £ |
| COALVILLE | | | | | | | |
| Parks, Recreation Grounds & Open Spaces | 307,270 | 275,425 | 332,780 | 386,750 | 389,390 | 371,980 | 419,430 |
| Broomley's Cemetery & Closed Churchyard | 25,110 | 19,448 | 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 |
| | 414,910 | 365,977 | 449,860 | 506,060 | 505,280 | 491,480 | 538,060 |
| WHITWICK | | | | | | | |
| Cemetery & Closed Churchyard | 14,430 | 10,427 | 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 |
| | 15,420 | 23,012 | 27,430 | 13,240 | 13,000 | 13,660 | 13,980 |
| HUGGLESCOTE | | | | | | | |
| Cemetery & Closed Churchyard | 24,120 | 6,439 | 25,140 | 19,650 | 20,040 | 17,050 | 15,150 |
| | 24,120 | 6,439 | 25,140 | 19,650 | 20,040 | 17,050 | 15,150 |
| PLAY AREAS/CLOSED CHURCHYARDS GROUNDS MAINTENANCE & PPM: | | | | | | | |
| OSGATHORPE | 390 | 306 | 0 | 0 | 0 | 0 | 0 |
| 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 | 1,470 | 1,466 | 1,510 | 1,540 | 1,570 | 1,600 | 1,630 |
| APPLEBY MAGNA | 4,020 | 4,023 | 13,810 | 3,400 | 3,100 | 3,180 | 3,260 |
| OTHER SPECIAL EXPENSES | 37,220 | 37,530 | 45,880 | 33,840 | 32,480 | 24,160 | 24,750 |
| SPECIAL EXPENSES (NET COST OF SERVICE) | 491,670 | 432,958 | 548,310 | 572,790 | 570,800 | 546,350 | 591,940 |
| 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 | 613,670 | 553,888 | 684,730 | 712,060 | 712,850 | 691,230 | 739,700 |
| Contribution to/(from) Balances/Reserves | (35,403) | 24,379 | (73,550) | (63,444) | (20,740) | 51,376 | 77,460 |
| MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement) | 578,267 | 578,267 | 611,180 | 648,616 | 692,110 | 742,606 | 817,160 |
| FUNDED BY: | | | | | | | |
| Precept | 514,764 | 514,764 | 563,567 | 616,875 | 676,239 | 742,606 | 817,160 |
| Localisation of Council Tax Support Grant | 63,503 | 63,503 | 47,613 | 31,741 | 15,871 | 0 | 0 |
| | 578,267 | 578,267 | 611,180 | 648,616 | 692,110 | 742,606 | 817,160 |

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APPENDIX 4a

| HOUSING REVENUE ACCOUNT SUMMARY | 2020/2021 | | 2021/2022 |
|---|---------------------|---------------------|---------------------|
| | Budget £ | Forecast (p9) £ | 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 |

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HRA Budget Proposals over £5,000

APPENDIX 4b

| Reason for changing the budget | Proposal | One-off / recurring | Investment/ (Saving) Amount compared to 2020-21 |
|--------------------------------|--|---------------------|---|
| 73 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 |

COMPARISON OF 2020/21 AND 2021/22 HOUSING CHARGES

| Chargeable Service | 2020/21 | | 2021/22 | | | | Basis for Change | Charging Policy |
|---|-----------------|--|-------------------|----------------------|-------------------|---|--|---------------------|
| | Actual 2020/21 | Notes | Estimates 2021/22 | Increase/ (Decrease) | Percentage Change | Notes | | |
| 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% | | | |

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Housing Service Charges

APPENDIX 4d

| COMPARISON OF 2020/21 AND 2021/22 SERVICE CHARGES | | | | | |
|---|-----------------|----------------------|-------------------------|----------------------|--|
| Chargeable Service | 2020/21 | 2021/22 | | | Comments |
| | | 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% | |

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Capital Strategy

Introduction

- 1.1 This Capital Strategy sets out the Council's priorities and approach to capital investment. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's corporate priorities over a medium term (five year) planning timeframe.
- 1.2 The purpose of the Capital Strategy is intended to perform a number of functions;
- Maximise capital resources to fund corporate and community priorities, strategies and plans.
 - Support effective and timely investment in the Council's assets, to ensure they are efficiently and effectively used.
 - Prioritising the Council's own investment requirements, and determining which can be funded by the authority, how and when.
 - Enable the identification and optimisation of all sources of capital funding and ensure its effective utilisation.
 - A capital programme that is financially affordable, prudent and sustainable, and integrated with the Council's Medium Term Financial Plans (MTFP).
 - Impact of investment decisions on revenue budgets.
 - Effective performance reporting and management of the Capital programme.
- 1.3 The Strategy sets out the corporate framework within which capital investment is planned, procured, prioritised, managed and funded. The Strategy has direct links to the Council's Asset Management Strategy and forms an integral part of the Council's Medium Term Financial Strategy (MTFS) 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 Council's 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.

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| 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 | 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 5c

| | Current Year Expenditure | | | Five Year Capital Programme Expenditure | | | | | | Restricted Funding | | | | Unrestricted funding | 5 Year Funding Total |
|---|--------------------------|------------------|-----------------------------------|---|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------------|-------------------------------|--------------------|------------------|----------------------|----------------------|
| | 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 | | |
| 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 | - | - | - | - | - | - | - | - | - | - | - | - |
| Estate 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.

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TABLE A

COUNCIL TAX BASE 2021/2022

| PARISH / SPECIAL EXPENSE AREA | COUNCIL TAX BASE |
|--------------------------------------|------------------|
| APPLEBY MAGNA | 526 |
| ASHBY DE LA ZOUCH | 5,998 |
| ASHBY WOULD'S | 1,412 |
| BARDON | 10 |
| BELTON | 307 |
| BREEDON-ON-THE-HILL | 449 |
| CASTLE DONINGTON | 2,621 |
| CHARLEY | 77 |
| CHILCOTE | 55 |
| COALVILLE | 6,584 |
| COLEORTON | 573 |
| ELLISTOWN & BATTLEFLAT | 840 |
| HEATHER | 365 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,826 |
| IBSTOCK | 2,328 |
| ISLEY WALTON-CUM-LANGLEY | 31 |
| KEGWORTH | 1,292 |
| LOCKINGTON CUM HEMINGTON | 241 |
| LONG WHATTON and DISEWORTH | 783 |
| MEASHAM | 1,681 |
| NORMANTON-LE-HEATH | 66 |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 881 |
| OSGATHORPE | 208 |
| PACKINGTON | 409 |
| RAVENSTONE | 1,030 |
| SNARESTONE | 139 |
| STAUNTON HAROLD | 63 |
| STRETTON-EN-LE-FIELD | 19 |
| SWANNINGTON | 470 |
| SWEPSTONE | 262 |
| WHITWICK | 2,697 |
| WORTHINGTON | 598 |
| TOTAL | 34,841 |

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TABLE B

COUNCIL TAX 2021/2022 - DISTRICT EXPENSES AND SPECIAL ITEMS

BAND 'D' EQUIVALENTS

| PARISH | DISTRICT EXP'S | PARISH EXP'S | SPECIAL EXP'S | TOTAL BAND D PROPERTY |
|--------------------------------------|-------------------|-----------------|------------------|-----------------------------|
| | £ p | £ p | £ p | £ p |
| APPLEBY MAGNA | 158.58 | 47.53 | 6.05 | 212.16 |
| ASHBY DE LA ZOUCH | 158.58 | 85.83 | - | 244.41 |
| ASHBY WOULD'S | 158.58 | 84.01 | - | 242.59 |
| BARDON | 158.58 | - | - | 158.58 |
| BELTON | 158.58 | 97.72 | - | 256.30 |
| BREEDON-ON-THE-HILL | 158.58 | 58.96 | - | 217.54 |
| CASTLE DONINGTON | 158.58 | 144.30 | - | 302.88 |
| CHARLEY | 158.58 | 104.06 | - | 262.64 |
| CHILCOTE | 158.58 | - | - | 158.58 |
| COALVILLE | 158.58 | - | 73.64 | 232.22 |
| COLEORTON | 158.58 | 25.04 | 9.22 | 192.84 |
| ELLISTOWN & BATTLEFLAT | 158.58 | 80.28 | - | 238.86 |
| HEATHER | 158.58 | 36.99 | - | 195.57 |
| HUGGLESCOTE & DONINGTON LE HEATH | 158.58 | 68.13 | 18.45 | 245.16 |
| IBSTOCK | 158.58 | 107.39 | - | 265.97 |
| ISLEY WALTON-CUM-LANGLEY | 158.58 | 13.61 | - | 172.19 |
| KEGWORTH | 158.58 | 89.92 | - | 248.50 |
| LOCKINGTON CUM HEMINGTON | 158.58 | 74.69 | 11.92 | 245.19 |
| LONG WHATTON and DISEWORTH | 158.58 | 54.00 | - | 212.58 |
| MEASHAM | 158.58 | 69.67 | 1.73 | 229.98 |
| NORMANTON-LE-HEATH | 158.58 | - | - | 158.58 |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 158.58 | 91.94 | 5.13 | 255.65 |
| OSGATHORPE | 158.58 | 22.39 | - | 180.97 |
| PACKINGTON | 158.58 | 55.03 | - | 213.61 |
| RAVENSTONE | 158.58 | 72.82 | 1.03 | 232.43 |
| SNARESTONE | 158.58 | 71.94 | - | 230.52 |
| STAUNTON HAROLD | 158.58 | 3.22 | - | 161.80 |
| STRETTON-EN-LE-FIELD | 158.58 | - | 67.49 | 226.07 |
| SWANNINGTON | 158.58 | 67.74 | - | 226.32 |
| SWEPSTONE | 158.58 | 66.79 | - | 225.37 |
| WHITWICK | 158.58 | 100.83 | 8.87 | 268.28 |
| WORTHINGTON | 158.58 | 38.46 | - | 197.04 |

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TABLE C

COUNCIL TAX 2021/2022 (DISTRICT, PARISH AND SPECIAL ITEMS) BY AREA AND VALUATION BAND

| PARISH / AREA | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p |
| APPLEBY MAGNA | 141.44 | 165.01 | 188.59 | 212.16 | 259.31 | 306.45 | 353.60 | 424.32 |
| ASHBY DE LA ZOUCH | 162.94 | 190.10 | 217.25 | 244.41 | 298.72 | 353.04 | 407.35 | 488.82 |
| ASHBY WOULD'S | 161.73 | 188.68 | 215.64 | 242.59 | 296.50 | 350.41 | 404.32 | 485.18 |
| BARDON | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| BELTON | 170.87 | 199.34 | 227.82 | 256.30 | 313.26 | 370.21 | 427.17 | 512.60 |
| BREEDON-ON-THE-HILL | 145.03 | 169.20 | 193.37 | 217.54 | 265.88 | 314.22 | 362.57 | 435.08 |
| CASTLE DONINGTON | 201.92 | 235.57 | 269.23 | 302.88 | 370.19 | 437.49 | 504.80 | 605.76 |
| CHARLEY | 175.09 | 204.28 | 233.46 | 262.64 | 321.00 | 379.37 | 437.73 | 525.28 |
| CHILCOTE | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| COALVILLE | 154.81 | 180.62 | 206.42 | 232.22 | 283.82 | 335.43 | 387.03 | 464.44 |
| COLEORTON | 128.56 | 149.99 | 171.41 | 192.84 | 235.69 | 278.55 | 321.40 | 385.68 |
| ELLISTOWN & BATTLEFLAT | 159.24 | 185.78 | 212.32 | 238.86 | 291.94 | 345.02 | 398.10 | 477.72 |
| HEATHER | 130.38 | 152.11 | 173.84 | 195.57 | 239.03 | 282.49 | 325.95 | 391.14 |
| HUGGLESCOTE & DONINGTON LE HEATH | 163.44 | 190.68 | 217.92 | 245.16 | 299.64 | 354.12 | 408.60 | 490.32 |
| IBSTOCK | 177.31 | 206.87 | 236.42 | 265.97 | 325.07 | 384.18 | 443.28 | 531.94 |
| ISLEY WALTON-CUM-LANGLEY | 114.79 | 133.93 | 153.06 | 172.19 | 210.45 | 248.72 | 286.98 | 344.38 |
| KEGWORTH | 165.67 | 193.28 | 220.89 | 248.50 | 303.72 | 358.94 | 414.17 | 497.00 |
| LOCKINGTON CUM HEMINGTON | 163.46 | 190.70 | 217.95 | 245.19 | 299.68 | 354.16 | 408.65 | 490.38 |
| LONG WHATTON and DISEWORTH | 141.72 | 165.34 | 188.96 | 212.58 | 259.82 | 307.06 | 354.30 | 425.16 |
| MEASHAM | 153.32 | 178.87 | 204.43 | 229.98 | 281.09 | 332.19 | 383.30 | 459.96 |
| NORMANTON-LE-HEATH | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 170.43 | 198.84 | 227.24 | 255.65 | 312.46 | 369.27 | 426.08 | 511.30 |
| OSGATHORPE | 120.65 | 140.75 | 160.86 | 180.97 | 221.19 | 261.40 | 301.62 | 361.94 |
| PACKINGTON | 142.41 | 166.14 | 189.88 | 213.61 | 261.08 | 308.55 | 356.02 | 427.22 |
| RAVENSTONE | 154.95 | 180.78 | 206.60 | 232.43 | 284.08 | 335.73 | 387.38 | 464.86 |
| SNARESTONE | 153.68 | 179.29 | 204.91 | 230.52 | 281.75 | 332.97 | 384.20 | 461.04 |
| STAUNTON HAROLD | 107.87 | 125.84 | 143.82 | 161.80 | 197.76 | 233.71 | 269.67 | 323.60 |
| STRETTON-EN-LE-FIELD | 150.71 | 175.83 | 200.95 | 226.07 | 276.31 | 326.55 | 376.78 | 452.14 |
| SWANNINGTON | 150.88 | 176.03 | 201.17 | 226.32 | 276.61 | 326.91 | 377.20 | 452.64 |
| SWEPSTONE | 150.25 | 175.29 | 200.33 | 225.37 | 275.45 | 325.53 | 375.62 | 450.74 |
| WHITWICK | 178.85 | 208.66 | 238.47 | 268.28 | 327.90 | 387.52 | 447.13 | 536.56 |
| WORTHINGTON | 131.36 | 153.25 | 175.15 | 197.04 | 240.83 | 284.61 | 328.40 | 394.08 |

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TABLE D

COUNCIL TAX 2021/2022 (PCC, LFRS, LCC) BY AREA AND VALUATION BAND

| MAJOR PRECEPTOR | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H |
|--|--------|----------|----------|----------|----------|----------|----------|----------|
| | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p |
| LEICESTERSHIRE COUNTY COUNCIL | 940.52 | 1,097.28 | 1,254.03 | 1,410.78 | 1,724.29 | 2,037.80 | 2,351.30 | 2,821.56 |
| LEICESTERSHIRE POLICE AND CRIME COMMISSIONER | 165.49 | 193.07 | 220.65 | 248.23 | 303.39 | 358.55 | 413.72 | 496.46 |
| COMBINED FIRE AUTHORITY | 46.19 | 53.89 | 61.59 | 69.29 | 84.69 | 100.09 | 115.48 | 138.58 |

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TABLE E

TOTAL COUNCIL TAX 2021/2022 BY AREA AND VALUATION BAND

| PARISH / AREA | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p |
| APPLEBY MAGNA | 1,293.64 | 1,509.25 | 1,724.86 | 1,940.46 | 2,371.68 | 2,802.89 | 3,234.10 | 3,880.92 |
| ASHBY DE LA ZOUCH | 1,315.14 | 1,534.34 | 1,753.52 | 1,972.71 | 2,411.09 | 2,849.48 | 3,287.85 | 3,945.42 |
| ASHBY WOULD'S | 1,313.93 | 1,532.92 | 1,751.91 | 1,970.89 | 2,408.87 | 2,846.85 | 3,284.82 | 3,941.78 |
| BARDON | 1,257.92 | 1,467.58 | 1,677.23 | 1,886.88 | 2,306.19 | 2,725.50 | 3,144.80 | 3,773.76 |
| BELTON | 1,323.07 | 1,543.58 | 1,764.09 | 1,984.60 | 2,425.63 | 2,866.65 | 3,307.67 | 3,969.20 |
| BREEDON-ON-THE-HILL | 1,297.23 | 1,513.44 | 1,729.64 | 1,945.84 | 2,378.25 | 2,810.66 | 3,243.07 | 3,891.68 |
| CASTLE DONINGTON | 1,354.12 | 1,579.81 | 1,805.50 | 2,031.18 | 2,482.56 | 2,933.93 | 3,385.30 | 4,062.36 |
| CHARLEY | 1,327.29 | 1,548.52 | 1,769.73 | 1,990.94 | 2,433.37 | 2,875.81 | 3,318.23 | 3,981.88 |
| CHILCOTE | 1,257.92 | 1,467.58 | 1,677.23 | 1,886.88 | 2,306.19 | 2,725.50 | 3,144.80 | 3,773.76 |
| COALVILLE | 1,307.01 | 1,524.86 | 1,742.69 | 1,960.52 | 2,396.19 | 2,831.87 | 3,267.53 | 3,921.04 |
| COLEORTON | 1,280.76 | 1,494.23 | 1,707.68 | 1,921.14 | 2,348.06 | 2,774.99 | 3,201.90 | 3,842.28 |
| ELLISTOWN & BATTLEFLAT | 1,311.44 | 1,530.02 | 1,748.59 | 1,967.16 | 2,404.31 | 2,841.46 | 3,278.60 | 3,934.32 |
| HEATHER | 1,282.58 | 1,496.35 | 1,710.11 | 1,923.87 | 2,351.40 | 2,778.93 | 3,206.45 | 3,847.74 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,315.64 | 1,534.92 | 1,754.19 | 1,973.46 | 2,412.01 | 2,850.56 | 3,289.10 | 3,946.92 |
| IBSTOCK | 1,329.51 | 1,551.11 | 1,772.69 | 1,994.27 | 2,437.44 | 2,880.62 | 3,323.78 | 3,988.54 |
| ISLEY WALTON-CUM-LANGLEY | 1,266.99 | 1,478.17 | 1,689.33 | 1,900.49 | 2,322.82 | 2,745.16 | 3,167.48 | 3,800.98 |
| KEGWORTH | 1,317.87 | 1,537.52 | 1,757.16 | 1,976.80 | 2,416.09 | 2,855.38 | 3,294.67 | 3,953.60 |
| LOCKINGTON CUM HEMINGTON | 1,315.66 | 1,534.94 | 1,754.22 | 1,973.49 | 2,412.05 | 2,850.60 | 3,289.15 | 3,946.98 |
| LONG WHATTON and DISEWORTH | 1,293.92 | 1,509.58 | 1,725.23 | 1,940.88 | 2,372.19 | 2,803.50 | 3,234.80 | 3,881.76 |
| MEASHAM | 1,305.52 | 1,523.11 | 1,740.70 | 1,958.28 | 2,393.46 | 2,828.63 | 3,263.80 | 3,916.56 |
| NORMANTON-LE-HEATH | 1,257.92 | 1,467.58 | 1,677.23 | 1,886.88 | 2,306.19 | 2,725.50 | 3,144.80 | 3,773.76 |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 1,322.63 | 1,543.08 | 1,763.51 | 1,983.95 | 2,424.83 | 2,865.71 | 3,306.58 | 3,967.90 |
| OSGATHORPE | 1,272.85 | 1,484.99 | 1,697.13 | 1,909.27 | 2,333.56 | 2,757.84 | 3,182.12 | 3,818.54 |
| PACKINGTON | 1,294.61 | 1,510.38 | 1,726.15 | 1,941.91 | 2,373.45 | 2,804.99 | 3,236.52 | 3,883.82 |
| RAVENSTONE | 1,307.15 | 1,525.02 | 1,742.87 | 1,960.73 | 2,396.45 | 2,832.17 | 3,267.88 | 3,921.46 |
| SNARESTONE | 1,305.88 | 1,523.53 | 1,741.18 | 1,958.82 | 2,394.12 | 2,829.41 | 3,264.70 | 3,917.64 |
| STAUNTON HAROLD | 1,260.07 | 1,470.08 | 1,680.09 | 1,890.10 | 2,310.13 | 2,730.15 | 3,150.17 | 3,780.20 |
| STRETTON-EN-LE-FIELD | 1,302.91 | 1,520.07 | 1,737.22 | 1,954.37 | 2,388.68 | 2,822.99 | 3,257.28 | 3,908.74 |
| SWANNINGTON | 1,303.08 | 1,520.27 | 1,737.44 | 1,954.62 | 2,388.98 | 2,823.35 | 3,257.70 | 3,909.24 |
| SWEPSTONE | 1,302.45 | 1,519.53 | 1,736.60 | 1,953.67 | 2,387.82 | 2,821.97 | 3,256.12 | 3,907.34 |
| WHITWICK | 1,331.05 | 1,552.90 | 1,774.74 | 1,996.58 | 2,440.27 | 2,883.96 | 3,327.63 | 3,993.16 |
| WORTHINGTON | 1,283.56 | 1,497.49 | 1,711.42 | 1,925.34 | 2,353.20 | 2,781.05 | 3,208.90 | 3,850.68 |

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TABLE F

EFFECT ON BAND D COUNCIL TAX BY PERCENTAGE 2021/2022

| PARISH / SPECIAL EXPENSE AREA | DISTRICT | PARISH | SPECIAL ITEMS | LEICESTERSHIRE COUNTY COUNCIL | LEICESTERSHIRE FIRE AND RESCUE | POLICE AND CRIME COMMISSIONER | TOTAL OVERALL CHANGE |
|--------------------------------------|----------|---------|---------------|-------------------------------|--------------------------------|-------------------------------|----------------------|
| APPLEBY MAGNA | 0.00% | 33.74% | 27.64% | 4.99% | 1.96% | 6.43% | 5.24% |
| ASHBY DE LA ZOUCH | 0.00% | 5.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.64% |
| ASHBY WOULD'S | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.42% |
| BARDON | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.62% |
| BELTON | 0.00% | 4.23% | 0.00% | 4.99% | 1.96% | 6.43% | 4.60% |
| BREEDON-ON-THE-HILL | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.48% |
| CASTLE DONINGTON | 0.00% | 1.35% | 0.00% | 4.99% | 1.96% | 6.43% | 4.38% |
| CHARLEY | 0.00% | 75.75% | 0.00% | 4.99% | 1.96% | 6.43% | 6.88% |
| CHILCOTE | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.62% |
| COALVILLE | 0.00% | 0.00% | 8.74% | 4.99% | 1.96% | 6.43% | 4.77% |
| COLEORTON | 0.00% | 0.00% | 27.88% | 4.99% | 1.96% | 6.43% | 4.65% |
| ELLISTOWN & BATTLEFLAT | 0.00% | 1.31% | 0.00% | 4.99% | 1.96% | 6.43% | 4.48% |
| HEATHER | 0.00% | 2.92% | 0.00% | 4.99% | 1.96% | 6.43% | 4.59% |
| HUGGLESCOTE & DONINGTON LE HEATH | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.41% |
| IBSTOCK | 0.00% | 26.21% | 0.00% | 4.99% | 1.96% | 6.43% | 5.60% |
| ISLEY WALTON-CUM-LANGLEY | 0.00% | -0.15% | 0.00% | 4.99% | 1.96% | 6.43% | 4.59% |
| KEGWORTH | 0.00% | 1.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.45% |
| LOCKINGTON CUM HEMINGTON | 0.00% | 24.13% | 26.54% | 4.99% | 1.96% | 6.43% | 5.36% |
| LONG WHATTON and DISEWORTH | 0.00% | 5.02% | 0.00% | 4.99% | 1.96% | 6.43% | 4.63% |
| MEASHAM | 0.00% | 1.19% | 23.57% | 4.99% | 1.96% | 6.43% | 4.51% |
| NORMANTON-LE-HEATH | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.62% |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 0.00% | 39.18% | 17.12% | 4.99% | 1.96% | 6.43% | 5.87% |
| OSGATHORPE | 0.00% | -5.61% | -100.00% | 4.99% | 1.96% | 6.43% | 4.39% |
| PACKINGTON | 0.00% | -2.20% | 0.00% | 4.99% | 1.96% | 6.43% | 4.42% |
| RAVENSTONE | 0.00% | 35.00% | 56.06% | 4.99% | 1.96% | 6.43% | 5.52% |
| SNARESTONE | 0.00% | -2.88% | 0.00% | 4.99% | 1.96% | 6.43% | 4.33% |
| STAUNTON HAROLD | 0.00% | 0.00% | 0.00% | 4.99% | 1.96% | 6.43% | 4.61% |
| STRETTON-EN-LE-FIELD | 0.00% | 0.00% | 9.28% | 4.99% | 1.96% | 6.43% | 4.78% |
| SWANNINGTON | 0.00% | 14.25% | 0.00% | 4.99% | 1.96% | 6.43% | 4.93% |
| SWEPSTONE | 0.00% | -21.43% | 0.00% | 4.99% | 1.96% | 6.43% | 3.45% |
| WHITWICK | 0.00% | -2.21% | 10.46% | 4.99% | 1.96% | 6.43% | 4.28% |
| WORTHINGTON | 0.00% | 9.95% | 0.00% | 4.99% | 1.96% | 6.43% | 4.72% |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
COUNCIL – TUESDAY, 23 FEBRUARY 2021



| | | |
|--|--|---------------------------|
| Title of Report | INVESTMENT STRATEGY - SERVICE AND COMMERCIAL 2021/22 | |
| Presented by | Councillor Nicholas Rushton Corporate Portfolio Holder | |
| Background Papers | Statutory Guidance on Local Government Investments – GOV.UK Review of Medium Term Financial Plan – Cabinet 2 February 2021 Investment Strategy – Service and Commercial 2021/22 - Cabinet 2 February 2021 | Public Report: Yes |
| Financial Implications | <p>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.</p> <p>Signed off by the Section 151 Officer: Yes</p> | |
| Legal Implications | <p>None.</p> <p>Signed off by the Monitoring Officer: Yes</p> | |
| Staffing and Corporate Implications | <p>None.</p> <p>Signed off by the Deputy Head of Paid Service: Yes</p> | |
| Purpose of Report | To seek approval of the Investment Strategy – Service and Commercial 2021/22. | |
| Recommendations | THAT COUNCIL APPROVE THE INVESTMENT STRATEGY – SERVICE AND COMMERCIAL 2021/22. | |

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 outlined 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 change 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.

| 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. Cabinet – 2 February 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 |

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/subsidy law 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 rely 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
COUNCIL – TUESDAY, 23 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 | Treasury Management Strategy Statement 2021/22 and Prudential Indicators 2021/22-2023/24 – Cabinet 2 February 2021 | Public Report: 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 are projected to 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 Deputy Head of Paid Service: Yes | |
| Purpose of Report | To seek approval of the Treasury Management Strategy, Statement, the Prudential Indicators and the Annual Minimum Revenue Provision Statement. | |
| Recommendations | THAT COUNCIL APPROVES THE TREASURY MANAGEMENT STRATEGY STATEMENT 2021/21, TREASURY MANAGEMENT PRUDENTIAL INDICATORS – REVISED 2020/21 AND 2021/21-2023/24 AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT. | |

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 same agenda at this item.
- 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 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.
- 1.9 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.

- 1.10 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.
- 1.11 Finally, officers continue to monitor the Bank of England base rate and predicted forthcoming fluctuations, including negative rates projections. To date, the Council has been exposed to negative interest in its short term investment options. Officers will continue to seek to avoid placing negative interest bearing investments insofar as is possible, whilst ensuring that the balance of security, liquidity and yield is optimised in accordance with the Treasury Management Strategy Statement set out in Appendix 1. Quarterly updates on treasury management activity will continue to be presented to the Audit and Governance Committee members.

| 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 Cabinet – 2 February 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 |

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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 Outlook for UK Interest Rates:

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

| 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.
- EU Exit will weigh on UK activity. The combined effect of EU Exit 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 EU Exit transition having ended.

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 |
| <i>Total External Borrowing</i> | <i>80.1</i> | <i>79.4</i> |
| 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 |
| <i>Total Investments</i> | <i>50.7</i> | <i>68.8</i> |
| 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 in flight by April 2021.

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.

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.

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

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

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

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

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

Approved Counterparties

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

| Credit Rating | Banks Unsecured | Banks Secured | Government | Corporates | Registered Providers |
|--|------------------|------------------|-------------------------|---------------|----------------------|
| UK Govt | n/a | n/a | £ Unlimited 50 Years | n/a | n/a |
| AAA | £2m 5 years | £5m 20 years | £5m 50 years | £2m 20 years | £3m 20 years |
| AA+ | £2m 5 years | £5m 10 years | £5m 25 years | £2m 10 years | £3m 10 years |
| AA | £2m 4 years | £5m 5 years | £5m 15 years | £2m 5 years | £3m 10 years |
| AA- | £2m 3 years | £5m 4 years | £5m 10 years | £2m 4 years | £3m 10 years |
| A+ | £2m 2 years | £5m 3 years | £5m 5 years | £2m 3 years | £3m 5 years |
| A | £2m 13 months | £5m 2 years | £5m 5 years | £2m 2 years | £3m 5 years |
| A- | £2m 6 months | £5m 13 months | £5m 5 years | £2m 13 months | £3m 5 years |
| None | £1m 6 months | n/a | £5m 25 years | £1m 5 years | £1m 5 years |
| Lloyds Fixed Deposits | £3m 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.

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.

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.

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:

Option 1 – Regulatory Method.

For Capital expenditure incurred before 1 April 2008, MRP under this option, is the amount determined in accordance with the 2003 regulations. In effect, this is 4% of the total Capital Financing Requirement (CFR) excluding HRA borrowing and Adjustment A. Adjustment A is an accounting adjustment to ensure consistency with previous capital regulations. Once calculated this figure is fixed. For this 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
COUNCIL – TUESDAY, 23 FEBRUARY 2021



| | | |
|--|---|---------------------------|
| Title of Report | PAY POLICY STATEMENT 2021/22 | |
| Presented by | Councillor Robert Ashman Deputy Leader | |
| Background Papers | Held in room 125 of the Council Offices and on the I-Trent HR/Payroll system. Some of the papers are confidential because they relate to individual employees | Public Report: Yes |
| Financial Implications | No additional financial implications. | |
| | Signed off by the Section 151 Officer: Yes | |
| Legal Implications | The Council are required by Section 38 Localism Act 2011 to consider and approve an annual pay policy statement. | |
| | Signed off by the Monitoring Officer: Yes | |
| Staffing and Corporate Implications | This report relates to the pay and remuneration arrangements for the Councils most senior employees. | |
| | Signed off by the Head of Paid Service: Yes | |
| Purpose of Report | The Council is required by the Localism Act 2011 to prepare and approve a pay policy statement in respect of each financial year before the commencement of that financial year. This report has been produced to provide the relevant information in accordance with the relevant provisions of the Act. | |
| Recommendation | THAT THE COUNCIL APPROVES THE PAY POLICY STATEMENT 2021/22 AS ATTACHED AT APPENDIX 1 OF THIS REPORT. | |

1.0 BACKGROUND

- 1.1 Under Section 38 of the Localism Act 2011, the Council is required to produce a Pay Policy Statement for each financial year, which must be approved by full Council before the beginning of the financial year to which it relates.

- 1.2 The Statement must set out the Council's policies in relation to:
- Senior Officers
 - Its lowest paid employees; and
 - The relationship between the pay of Senior Officers and the pay of other employees
- 1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.
- 1.4 The proposed pay policy statement attached sets out the Council's policy and explains the processes that apply to performance management and assessment. The Policy Statement also details the other benefits payable to Senior Officers and the approach to the engagement of Interim Senior Officers who may be in receipt of a previous public sector pension.
- 1.5 In accordance with the requirements of the Localism Act, the statement details the Council's pay multiple, which is (the relationship between the median average pay of the Council's workforce compared to the salary of the most Senior Officer (the Chief Executive)). This multiple has increased slightly to a factor of 5.16, which compares to a factor of 5.05 in last year's pay statement.

2.0 CHANGES

- 2.1 The following changes are worthy of mention in this year's pay statement:-
- The senior management structure of the Council comprises a Chief Executive, two Strategic Directors and eight Heads of Service. A further Head of Service, the Joint Strategic Planning manager, although employed by this Council is a shared funded post with Leicester and Leicestershire Authorities and the LLEP.
 - The Head of Regeneration post (at time of writing this report) is vacant following the departure of the permanent postholder in September 2019.
 - (Paragraph 3.5) Cost of living pay increases are determined under National consultative arrangements, The cost of living pay increase for 2021/22 had not been determined at the time this report was prepared (February 2021.) The report shows the current (February 2021) pay rates, which includes a pay award of 2.75% across all pay grades from April 2020.
 - (Paragraph 4.5) The car allowance rates have not changed. They remain at the same level as during 2018/19.
 - (Paragraph 5.2). The pension discretions applicable to all employees including Senior Officers were reviewed and updated in September 2018.
 - (Paragraph 11.2). The Council agreed to adopt the "Voluntary Living Wage" for all of its employees from 1st April 2014. The Living Wage rate changed to £17,957 per annum (£9.50 per hour) in November 2020.
 - (Paragraph 11.3) The pay multiple ratio between the median average pay and the salary of the most highly paid senior officer has increased slightly to a factor of 5.16. This is a minor change on the previous year when the multiple was 5.05. This is the result of the annual pay award as well as incremental progress through the spinal points.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | No specific links to Council priorities. |
| Policy Considerations: | The Councils Pensions Discretions Policy and Employment stability Policy are relevant. |
| Safeguarding: | No specific considerations |
| Equalities/Diversity: | No specific considerations |
| Customer Impact: | No direct impacts |
| Economic and Social Impact: | Not applicable |
| Environment and Climate Change: | No direct impacts |
| Consultation/Community Engagement: | A copy of the report has been provided to the local trade unions and to the employees in the job roles detailed in the report. |
| Risks: | No specific risks |
| Officer Contact | <p>Bev Smith Chief Executive and Head of Paid Service bev.smith@nwleicestershire.gov.uk</p> <p>Mike Murphy Head of Human Resources and organisation development. mike.murphy@nwleicestershire.gov.uk</p> |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Pay Policy Statement 2021/22

1.0 Introduction

1.1 This Statement sets out the Council's policies in relation to the pay of its workforce, particularly its Senior Officers, in line with Section 38 of the Localism Act 2011. In accordance with that Act, the Statement is required to be approved by Full Council each year. The statement will be published on the Council's website. The Council is committed to an open and transparent approach to the pay and benefits that apply to its workforce.

1.2 This Statement sets out the Council's policies relating to the payment of the workforce particularly:

- Senior Officers
- Its lowest paid employees; and
- The relationship between the pay of Senior Officers and the pay of other employees

1.3 For the purposes of this statement 'pay' includes basic salary, bonuses and all other allowances arising from employment.

2.0 Objectives of this Statement

2.1 This Statement sets out the Council's key policy principles in relation to pay. The Council has employment law and contractual responsibilities in relation to the pay and benefits of its existing employees and these have been taken into account when formulating the Statement.

2.2 This Statement aims to ensure the Council's approach to pay and benefits attracts and retains a high performing workforce whilst ensuring value for money. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.

3.0 Basic Salaries of Senior Officers

3.1 From a legal perspective, for the purposes of this Statement Senior Officers are defined as those posts paid on Chief Executive or Chief Officer conditions of service.

3.2 In North West Leicestershire District Council eleven posts are engaged under Chief Executive or Chief Officer terms and conditions of service. The Council has three relevant salary bandings – the Chief Executive Band, which applies to one post, a Director Band which applies to two posts, and a Head of Service Band which applies to nine posts.

3.3 The following posts are determined to be statutory, Chief or Deputy Chief Officer posts in the Council:-

Chief Executive (Head of Paid Service and Returning Officer)
Strategic Directors – (2)
Head of Legal and Commercial Services (Monitoring Officer)
Head of Finance (S151 Officer)
Head of Human Resources and Organisation Development
Head of Housing
Head of Planning and Infrastructure
Head of Community Services
Head of Economic Regeneration
Head of Customer Services, Corporate Property and Assets
Joint Strategic Planning Manager (Jointly funded Partnership post, but actually an employee of North West Leicestershire District Council)

There has been one change to the senior team during 2020/21 – the Head of Economic Regeneration left in September 2019, and while the post was advertised during early 2020 we were not successful in making a permanent replacement. Temporary interim arrangements were put in place, and the post has been readvertised during early 2021.

3.4 It should also be noted for completeness that two other posts at Service Manager Level are Deputy Chief Officers within the definition applied to the Council's Constitution because of their functions within the Council as Deputy Monitoring Officer and Deputy Finance Officer. Their information has not been included within this statement because they are not engaged on Chief Officer terms and conditions of service

3.5 The Heads of Service are all located within a salary range £57,764 to £67,313 (9 incremental points), The Director salary range is £79,406 to £88,968 (6 incremental points) and the Chief Executive Salary range is £122,894 to £131,570. (4 incremental points). The cost of living increase for the 2021/22 financial year has not been agreed (a nationally negotiated rise applicable across Local Government) at the time this report was written.

3.6 The salaries of all Senior Officers have been set previously by formal meetings of elected members. The Chief Executive's salary level was reviewed as part of the decision to replace the post in 2017.

3.7 A member review of the salaries of the Heads of Service last took place in 2011. The Directors and Heads of Service are all subject to an annual appraisal process, and are required to report on their progress against the Council Delivery Plan and performance indicators to the Corporate and Community Scrutiny Committees and Cabinet on a quarterly basis.

3.8 Increments for all employees including Senior Officers are paid on an annual basis until the maximum of the scale is reached. The Chief Executive, or her nominated

representative, has the discretion to award and withhold increments of officers' dependant on satisfactory or unsatisfactory performance.

4.0 Car Allowance payments made to Senior Officers.

- 4.1 It is a requirement of the contracts of all Senior Officers that they be on a call-out rota to be available for Service Emergencies or to act in the event of a civil local or national emergency situation. The rota offers 24/7 365 days a year cover.
- 4.2 Due to the need to respond to emergencies out-of-hours and being on-call, Senior Officers have either a Car Lease or Essential car allowance. These criteria also apply to other employees in the workforce.
- 4.3 The annual car leasing value to Senior Officers varies depending on the year renewal date of their vehicle and the relative value of "benchmark" vehicles in the Car Leasing scheme, which change from time to time. The actual current Council contributions range between £2,362 and £3,939 per annum (for the Senior Officers in this statement).
- 4.4 All Officers who are provided with a lease car are tied to a 4-year contract, with penalties payable if they terminate the contract prematurely. Officers are responsible for their own car insurance and petrol / diesel costs. If Officers with a lease car use the car for business mileage they are reimbursed at 16.6p per mile. This rate is reviewed periodically by reference to the National Conditions of Service petrol element. This mileage rate has not changed during the course of the 2020/21 financial year
- 4.5 The Car Allowance rates for Senior Officers are identical to those for all other employees in the Council, and these have been determined at National Level by the annual negotiations between the Employers' Organisations and the Trade Unions. The current rate is a lump sum allowance of £963 per annum paid in monthly instalments. Officers are then paid a fixed mileage rate for any business miles undertaken, which varies from 36.9p per mile to 40.9p per mile. These rates have not been changed since 2010.

5.0 Local Government Pension Scheme

- 5.1 All Council employees may join the Local Government Pension Scheme. The Scheme is a statutory scheme with contributions from employees and from employers. For more comprehensive details of the local government pension scheme see:

<http://www.lgps.org.uk/>

- 5.2 Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee and the same terms apply to all staff. The Council policies relating to pension discretions were reviewed and updated in a report to Council in September 2018. The reviewed discretions apply to all employees (and former employees) in the workforce equally. The Council will consider each case on its merits. There is no scope for the discretions to be applied more favourably to Senior Officers.
- 5.3 The Local Government Pension Scheme is an optional benefit. If senior officers are members of the scheme the employee contribution rates range between 8.5% and 11.4%.

6.0 Professional Fees

6.1 The Council reimburses the cost of professional fees for Senior and other Officers where it is essential to the performance of the job role. The Council will reimburse the cost of one fee up to a current maximum of £277 per annum. The annual maximum is linked to a percentage of one of the spinal column points in the main employee salary scale, so is increased when there is a nationally-agreed cost of living rise. The professional fees policy is being reviewed at the time of writing this report, and will be updated in this statement if changes are agreed in the future.

7.0 Election fees

7.1 In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of returning officer, acting returning officer, deputy returning officer or deputy acting returning officer and similar positions which he or she completes.

7.2 Fees for returning officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties they are distinct from the process for the determination of pay for Senior Officers. The fees are set externally by legislation and based on a formula linked to the number of electors.

8.0 Employment Stability Policy

8.1 The Council has previously determined that its "Employment Stability Scheme" will apply to all employees of the Council including Senior Officers. The Employment Stability Policy provides that actual weekly pay will be used when calculating an employee's redundancy payment and the number of redundancy weeks payable is the statutory number of weeks redundancy multiplied by a factor of 1.5. This means that the maximum number of weeks payable, depending on age and service, is 45. The National Local Government Pension Scheme Regulations provide that employees aged over 55 years of age gain automatic payment of their pension if they are made redundant by the Council and there can then be an associated pension Capital cost payable by the Council.

8.2 The Employment Stability Policy also includes the potential for any employee (including Senior Officers) who is at risk of being made redundant to receive salary protection for 3 years on a stand-still basis if they are redeployed to a lower graded post. It should be noted that in practice, this is a very rare occurrence

9.0 Whole-time service

9.1 All Senior Officers are expected to devote the whole of their service to the Authority and are excluded from taking up additional business, ad hoc services or additional appointments without consent. Officers at a senior level are restricted from being involved in specified political activities, and all employees of the Council are bound by a code of conduct. Senior Officers are expected to work the hours required to complete the job, subject to a minimum of 36.25 hours per week. No additional payments are normally made for out-of-hours working, and there is an expectation that Senior Officer Roles will include on-call and out-of-hours meetings and duties.

10.0 Other benefits.

- 10.1 A number of the Senior Officers' terms and conditions of Service are determined at National level according to the following frameworks:

National Joint Council for Chief Executives Conditions of Service
National Joint Council for Chief Officers Conditions of Service

These frameworks provide the details of conditions of service such as annual leave, sick pay, maternity allowances, training and development etc.

11.0 Pay Relationships

- 11.1 The Localism Act 2011 requires the Council to set out its policy relating to the relationship between the pay of its Senior Officers and the pay of the rest of its employees. The Council has not previously set its pay structure of any group of employees by reference to a pay multiple. The Council has previously set the pay rates for different groups through processes of job evaluation, market comparability and the prevailing economic and market conditions. These can vary enormously from time to time and between the many occupational groups comprising the Council's workforce.

11.2. Pay of the Council's Lowest Paid Employees

The Council has defined its lowest paid employees as those on the lowest pay grade the Council operates, who are not undergoing an apprenticeship. The Council agreed to pay the "Voluntary Living Wage" rate as a minimum wage figure in April 2014, and this rate was updated in November 2020 to £17,957 per annum.

- 11.3 The Localism Act requires Councils to calculate the pay multiples between the highest and lowest earners. The median average pay of the Council's workforce in February 2021 (including overtime payments) was £25,481 which, when compared to the salary of the most highly-paid Senior Officer at £131,570 per annum, produces a pay multiple factor is 5.16. There has been a slight but not significant increase in the ratio when compared to 2020 when the factor was 5.05.

12.0 Approach to pensioners and Interim Managers.

- 12.1 The Localism Act requires an explanation of the Council's policy in relation to the arrangements that might apply where it could appear that the public sector is paying an individual twice through a salary and a pension for doing the same job. This Council's view is that it is not good value for money for the taxpayer to make a person redundant (and pay a pension if they are aged 55 years and over) for them to then return to the same job. The Council will not condone this approach. However, it should be noted that there may be circumstances where the Council may employ individuals who are in receipt of a public sector pension for new roles where they are the best person for the job. An example of this may be the employment of ex-services or "blue-light" personnel, to a different role in this Council. There might be risks of age or disability claims if the Council was to adopt a contrary position.
- 12.2 The Council has used Interim Managers to fill short-term vacancies or to undertake specific projects where there are capacity issues or a shortage of a particular skill set within the Council's own workforce. This may mean that the Council could engage Interim Managers who are in receipt of a public sector pension from other previous employment where an appropriate assessment has been completed on the value-for-money of the proposed arrangement for the Council. Such assessments will be

completed by the Head of the Paid Service in consultation with the Leader of the Council.

13.0 Review and Changes

The Council will review this policy annually, or if amendments need to be made before the date of the scheduled review, in year, to Full Council. Any significant amendments or changes to the legislation which may affect the pay and benefits of Senior Officers will be determined according to the Council's constitution or legislation by the relevant Committee / Panel / Council meeting.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
 COUNCIL – TUESDAY, 23 FEBRUARY 2021



| | | |
|--|--|---------------------------|
| Title of Report | GENDER PAY GAP REPORT 2020 | |
| Presented by | Councillor Robert Ashman Deputy Leader | |
| Background Papers | Held in room 125 of the Council Offices and on the I-Trent HR/Payroll system. Some of the papers are confidential because they relate to individual employees | Public Report: Yes |
| Financial Implications | No additional financial implications. | |
| | Signed off by the Section 151 Officer: Yes | |
| Legal Implications | This report is in line with the requirements of S78 Equality Act 2010 | |
| | Signed off by the Monitoring Officer: Yes | |
| Staffing and Corporate Implications | There are no direct implications. | |
| | Signed off by the Head of Paid Service: Yes | |
| Purpose of Report | The Council is required by the Equality Act 2010 (section 78) to publish gender pay gap information, by reporting the percentage differences in pay between male and female employees. This report has been produced to provide the relevant information in accordance with the provisions of the Act. | |
| Recommendation | THAT THE REPORT BE NOTED. | |

1.0 BACKGROUND

- 1.1 Under Section 78 of the Equality Act 2010, the Council is required to publish and report percentage differences in pay between its male and female employees. The figures are based on specific reference date (snapshot date) on **31st March 2020**.
- 1.2 The following information has to be published on the Council's website and will also be reported to and published by central government;
- **Mean Gender Pay Gap** – The mean pay gap is the difference between average hourly earnings of men and women.
 - **Median Gender Pay Gap** – The median pay gap is the difference between the midpoints in the ranges of hourly earnings of men and women. It takes all

salaries in the sample, lines them up in order from lowest to highest, and picks the middlemost salary.

- **Mean bonus Gender Pay Gap** - The difference between the mean bonus pay paid to male employees and that paid female employees
- **Median bonus Gender Pay Gap** – The difference between the median bonus pay paid to male employees and that paid to female employees
- **Proportion of males and females receiving a bonus payment** – The proportion of male and female employees who were paid bonus pay during the period
- **Proportion of males and females in each pay quartile** – The proportion of male and female full-pay employees in the lower, lower middle, upper middle and upper quartile pay bands.

1.3 The Gender pay gap is a measure of the difference between men's and women's average earnings across the organisation. This is different to the Equal Pay reporting, which aims to ensure that men and women are not paid differently for doing the same or similar work. The intention behind gender pay gap reporting is to increase transparency of the differences in pay between men and women in the workplace with the aim of closing the gender pay gap.

2.0 RESULTS

2.1 A summary of this Councils results are as follows;

- **Mean Gender Pay Gap** – The females mean hourly rate was 4.13% lower than males on the 31/03/2020.
- **Median Gender Pay Gap** – The females' median pay hourly rate was 5.8% lower than males on the 31/03/2020.

| | Mean (%) | Median (%) |
|------|----------|------------|
| 2017 | 5.3 | 11.28 |
| 2018 | 1.91 | 4.44 |
| 2019 | 1.45 | 3.2 |
| 2020 | 4.13 | 5.8 |

The table shows the changes to the mean and median pay gaps for the Council over a 4 year period. After a period of decline in the pay gaps over the 3 year period between 2017 and 2019 inclusive, the rates have increased slightly for the data calculated at 31/03/2020.

It is important to emphasise the gender pay data is calculated at a moment in time, so is a snapshot.

- **Mean bonus Gender Pay Gap** - Not applicable
- **Median bonus Gender Pay Gap** - Not applicable
- **Proportion of males and females receiving a bonus payment** – Not applicable
- **Proportion of males and females in each pay quartile**

The table below shows the gender split of males and females in each pay quartile, and the comparative figures from 2019.

| | 2020 | | 2019 | |
|-----------------------|------|--------|------|--------|
| | Male | Female | Male | Female |
| Lower Quartile | 59 | 41 | 45 | 55 |
| Lower Middle Quartile | 36 | 64 | 47 | 53 |
| Upper Middle Quartile | 55 | 45 | 54 | 46 |
| Top Quartile | 56 | 44 | 46 | 54 |

There have been some movements in the quartile percentages between 2019 and 2020.

There has been increases in the percentages of female employees in the Lower quartile and Lower middle quartiles when compared to the position in April 2019. These changes are largely attributable to the significant change in the composition of the workforce that occurred in May 2019 when a large number of employees were TUPE transferred to our Leisure partner Everyone Active. A significant proportion of the transferees were sports Instructors and coaches who were predominantly female and (relatively) highly paid. Accordingly, as the Leisure employees were included in the snapshot figure calculated in March 2019, there are some significant changes to the percentages.

It is important to note that all of our job roles are subject to job evaluation processes, which determine the pay grade for the job based on knowledge, skill and responsibility levels. Therefore, while acknowledging there is a gender pay gap, we are confident that men and women are paid equally for doing the equivalent jobs across the council.

3.0 ANALYSIS

3.1 While we are confident that men and women are paid equally for doing equivalent jobs across the Council, the main reason for the organisation-wide gender pay gap is an imbalance of male and female employees across the Council. The analysis has shown that there continues to be a disproportionately high number of women (70%) paid at Grade A (see Appendix 1) – the overall gender pay gap would have been greater if the council had not committed to the voluntary living wage.

3.2 The following table shows the gender pay gap information for some of the other Leicestershire Councils for purposes of comparison. Limited information is available from comparator organisations this year. The government has not made it compulsory to publish gender pay gap information due to the COVID-19 pandemic.

| Local Authority | Mean pay gap | Median pay gap |
|---------------------------------------|--------------|----------------|
| Hinckley and Bosworth Borough Council | 1% | 2.2% |
| Leicestershire County Council | 10% | 4% |

3.3 We accept that the ideal position would be no gender pay gap, and part of the rationale for publishing the data is to understand where we are and how we

compare to other organisations. In measuring the data we can monitor any changes that might occur from year to year.

3.4 We are not complacent about reducing the difference and we already have a number of measures in place to support female employees:

- We introduced the voluntary Living wage in 2014, which had a significant impact on the (largely female) employees engaged in part-time roles in the lower pay scales.
- We provide options for flexible working policies for all employees across the Council wherever possible. Since the COVID-19 pandemic lockdowns, we have moved a significant number of employees to work predominantly from home, and this has enabled employees' flexibility to work non-traditional work patterns to manage childcare, home schooling etc. while being more flexible about their working hours. We are currently considering and engaging about more flexible ways of working and how that might have benefits for customers and employees in the post pandemic future. This is likely to involve a mix of home and office based employment options that may make some of our roles more appealing to people with caring responsibilities.
- The COVID-19 pandemic has affected the composition of the workforce during the past year – a number of service areas were suspended during the early lockdown period, and many employees were seconded to support new areas of work supporting our businesses and communities with grants and other COVID-19 response measures. Recruitment was suspended during the early months of the pandemic, but has now returned to normal using virtual selection methodologies. The pandemic has undoubtedly influenced employee attrition rates as the pandemic lockdowns made movements to new employers more complex and perhaps less attractive during this period of wider uncertainty. We will consider these impacts in more detail when we publish the April 2021 gender pay gap information.
- We have provided childcare vouchers to employees to facilitate additional financial support following periods of maternity leave.
- We offer enhanced (national conditions of service) maternity and paternity schemes to support parents to more easily facilitate returns after the birth or adoption of a child.
- We have in place a scheme that allows employees to buy additional (unpaid) leave to facilitate more flexibility around caring responsibilities.
- We have allowed employees to move into a flexible retirement situation where they reduce their hours of work and access part of their pension - in some instances this also has the benefit of then creating a part-time development opportunity for other employees in the workforce.

3.5 Our future plans will involve further consideration of how we might further support female employees with their career development, to provide the conditions to support them during times of maternity absence, childcare or elderly caring responsibilities and further improvements to flexible working arrangements post COVID-19.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | No specific links to Council priorities. |
| Policy Considerations: | Links to the Equality and Diversity policy |
| Safeguarding: | No specific considerations. |
| Equalities/Diversity: | Detailed in the report. |
| Customer Impact: | No direct impacts |
| Economic and Social Impact: | Not applicable. |
| Environment and Climate Change: | No direct impacts. |
| Consultation/Community Engagement: | A copy of the report has been provided to the local trade unions. |
| Risks: | No specific risks. |
| Officer Contact | Bev Smith Chief Executive bev.smith@nwleicestershire.gov.uk Mike Murphy Head of Human Resources and Organisation Development mike.murphy@nwleicestershire.gov.uk |

Appendix 1.

2020

Split of males and females in each pay grade.

| Grade | Female (%) | Male (%) |
|-----------------|------------|----------|
| APPRENTICES | 42 | 58 |
| A | 70 | 30 |
| B | 31 | 69 |
| C | 68 | 32 |
| D | 44 | 56 |
| E | 45 | 55 |
| F | 51 | 49 |
| G | 33 | 67 |
| H | 55 | 45 |
| I | 29 | 71 |
| Head of Service | 27 | 73 |
| Director | 0 | 100 |
| CEO | 100 | 0 |

2019

| Grade | Female (%) | Male (%) |
|------------------|------------|----------|
| APPRENTICES | 33 | 67 |
| A | 85 | 15 |
| B | 46 | 54 |
| C | 68 | 32 |
| D | 40 | 60 |
| E | 43 | 57 |
| F | 64 | 36 |
| G | 56 | 44 |
| H | 46 | 54 |
| I | 31 | 69 |
| Heads of Service | 25 | 75 |
| Director | 0 | 100 |
| CEO | 100 | 0 |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
COUNCIL – TUESDAY, 23 FEBRUARY 2021



| | | |
|--|---|---------------------------|
| Title of Report | URGENT DECISIONS TAKEN BY CABINET IN QUARTER 3 2020/21 | |
| Presented by | Councillor Richard Blunt Leader | |
| Background Papers | Council's Constitution Cabinet Report – HR and Payroll System – 10 November 2020 Cabinet Report – Discretionary Grant Funding – 26 November 2020 Confidential Cabinet Report – Newmarket – 8 December 2020 | Public Report: Yes |
| Financial Implications | Financial implications were taken into account by the Cabinet in reaching its decisions. Signed off by the Section 151 Officer: Yes | |
| Legal Implications | Legal implications were taken into account by the Cabinet in reaching the decisions. Signed off by the Monitoring Officer: Yes | |
| Staffing and Corporate Implications | There are no staffing and corporate implications Signed off by the Head of Paid Service: Yes | |
| Purpose of Report | In accordance with the Council's Constitution, to formally report that the Cabinet has taken decisions, which are considered to be urgent and, if delayed, would be likely to cause serious prejudice to the Council's interests. | |
| Recommendations | THAT COUNCIL NOTES THE REPORT. | |

1.0 BACKGROUND

- 1.1 The Special Urgency Procedure in the Executive Procedure Rules in the Council's Constitution states that, if the date by which an executive decision must be taken and the general exception Rule 16 cannot be followed, then the decision can only be taken if Cabinet has obtained the agreement of the relevant Scrutiny Chairman that the taking of the decision cannot be reasonably deferred. If the Chairman of the relevant Scrutiny Committee is unable to act, then the agreement of the Chairman of the Council, or in his/her absence the Deputy Chairman will suffice.
- 1.2 Under the Special Urgency Procedure, the Leader is required to submit a quarterly report to the Council on the executive decisions taken under rule 17 in the preceding three months. The report will include the number of decisions taken and a summary of the matter about which each decision was made.
- 1.3 The reporting timetable for 2020/21 is as follows:-

| | | | REPORT TO COUNCIL |
|-------|--------|------|-------------------|
| Q1 | | | 8 September 2020 |
| April | May | June | |
| Q2 | | | 17 November 2020 |
| July | August | Sept | |
| Q3 | | | 23 February 2021 |
| Oct | Nov | Dec | |
| Q4 | | | 11 May 2021 |
| Jan | Feb | Mar | |

- 1.4 The Special Urgency decisions are detailed at section 2 of the report.
- 1.5 As set out in Rule 13(g)(i) (call-in urgency) of Part 4.6 of the Council's Constitution, the call-in procedure may be suspended where a decision being taken by the Cabinet is urgent. A decision is considered urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interests.
- 1.6 In all circumstances, the Chairman of the Council must agree that the decision is reasonable and must agree to the decision being treated as a matter of urgency.
- 1.7 Decisions taken as a matter of urgency must be recorded in the minutes and be reported to the next available meeting of the Council, together with the reasons for urgency.
- 1.8 Decisions that required the waiver of call- in are detailed at section 4 of the report.

2.0 SPECIAL URGENCY DECISIONS MADE DURING QUARTER 3

- 2.1 One urgent executive decision was made during quarter 3 by the Cabinet. The decision was:-
- COVID-19 Support: Discretionary Grant Funding
- 2.2 In line with the Special Urgency Procedure the Chairman of the relevant Scrutiny Committee agreed that the decision proposed was reasonable in all circumstances and that it should be treated as a matter of urgency.
- 2.3 It was also agreed by the Chairman of the Council any delay caused by call-in process would seriously prejudice the Council's or the public's interests.
- 2.4 A summary of the decision is detailed below.

3.0 COVID-19 SUPPORT: DISCRETIONARY GRANT FUNDING – THURSDAY, 26 NOVEMBER

- 3.1 At the time of writing the report, the Council had been granted £2.07m to cover discretionary grant support to businesses to March 2022. The funding was intended to cover the period of national restrictions from 5 November to 2 December 2020 and any further periods of national restrictions until March 2022. Local authorities are also able to utilise some of this funding to provide wider business support, although scheme design around this has been deferred. In addition, government had also confirmed that the Council would be provided further additional funding for supporting businesses on a discretionary basis when local restrictions, under a High or Very High (Tier 2 or 3) Covid-19 threat level is imposed.
- 3.2 In order to ensure businesses were supported throughout the period of national restrictions last November/December and subsequently through tiered restriction periods, the Council needed to design and approve its own grant schemes.

3.3 An urgent Cabinet meeting was arranged and Cabinet approved the ‘National Restrictions Discretionary Support Policy’ and the ‘Local Restrictions Discretionary Support Policy’. Delegation to the Section 151 Officer and Portfolio Holder for Business and Regeneration was also requested to update these policies in response to further guidance/clarification from government; to ensure smooth administration of the schemes; to vary the level of grant award to businesses and eligibility requirements to ensure fair distribution; and to vary the allocation of the Additional Restrictions Grant funds to the policies.

3.4 Since the meeting, various schemes have been launched to cover businesses on a discretionary basis through periods of national and local restrictions.

4.0 WAIVER OF CALL-IN DECISIONS MADE BY CABINET

4.1 Two executive decisions were taken by Cabinet, where the Chairman of the Council agreed that any delay caused by call-in process would seriously prejudice the Council’s or the public’s interests.

4.2 A summary of each decision made is detailed below:-

5.0 AUTHORITY TO RECEIVE DELEGATION OF FUNCTION FROM HARBOROUGH DISTRICT COUNCIL FOR THE PROVISION OF A HR AND PAYROLL SYSTEM – THURSDAY, 10 NOVEMBER

5.1 Since early in 2020 North West Leicestershire District Council (NWLDC) have been working with Harborough District Council (HDC) HDC’s HR and Payroll system The parties agreed to proceed by way of delegation from HDC. This required a NWL Cabinet decision to accept the delegation

5.2 Cabinets approval was therefore sought. A Waiver from Call in was requested from the Chairman of the Council and approved in order that the implementation and onboarding could commence to meet the 1st of April 2021 Delegation date.

6.0 NEWMARKET REFURBISHMENT CONTRACT UPDATE – TUESDAY, 8 DECEMBER

6.1 On 8 December 2020 Cabinet considered a confidential item, regarding the progress of the Newmarket refurbishment and the intention to open the market in Spring 2021. Due to the issues and timeframes described in the report any call in could have prejudiced the completion of the project.

6.2 The Chairman considered the timetable for confirmation and agreed that the matter was urgent for this reason.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | Supporting Coalville to be a more vibrant, family-friendly town Support for businesses and helping people into local jobs Developing a clean and green district Local people live in high quality, affordable homes Our communities are safe, healthy and connected |
| Policy Considerations: | As detailed on each report that was considered by |
| 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: | Chairmen of the relevant Scrutiny Committees Chairman of the Council |
| Risks: | To comply with Special Urgency Rule 17 of Part 4.3 of the Council's Constitution, the decisions made by Cabinet are to be reported to Council and Rule 13 (call-in urgency) of Part 4.6 of the Council's Constitution that suspensions of Call-In in relation to urgent decisions made by Cabinet are to be reported to Council. |
| Officer Contact | Elizabeth Warhurst Head of Legal and Commercial Services elizabeth.warhurst@nwleicestershire.gov.uk |