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Meeting	**CABINET**
Time/Day/Date	5.00 pm on Tuesday, 1 February 2022
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

AGENDA

Circulation:

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

MINUTES of a meeting of the CABINET held in the Council Chamber, Council Offices, Coalville on TUESDAY, 11 JANUARY 2022

Present: Councillor R Blunt (Chairman)

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

In Attendance: Councillors

Officers: Mrs B Smith, Mr J Arnold, Mr A Barton, Mr D Bates, Miss E Warhurst, Mrs C Hammond, Ms R Haynes and Mr M Murphy

67. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

68. DECLARATION OF INTERESTS

There were no declarations of interest.

69. PUBLIC QUESTION AND ANSWER SESSION

No questions were received.

70. MINUTES

The minutes of the meeting held on 7 December 2021 were considered. It was moved by Councillor T Gillard seconded by Councillor K Merrie and

RESOLVED THAT:

The minutes of the meeting held on 7 December 2021 be confirmed as an accurate record of proceedings.

Reason for decision: To comply with the Constitution.

71. DRAFT BUDGET AND COUNCIL TAX 2022/23

The Corporate Portfolio Holder presented the report, which had been considered by the Corporate Scrutiny Committee on 8 December 2021, setting out the draft General Fund, Housing Revenue Account, Special Expenses and Capital Programme.

Due to the short timescales between the January and February Cabinet, the Chairman of the Council agreed to an exemption from the Council's Scrutiny Procedure rules in relation to the call-in of the decision on the item. It allowed officers to launch the consultation earlier and run a longer consultation as a result.

It was noted that the New Homes Bonus had been extended and that Tax and Rates base increased by more than that of other authorities. NWL were also one of the fastest growing districts in the country for Business Rates, all of which were very positive.

Members commented that the budget balanced and that the authority was currently in a good position, however it was crucial that the Council now made a meaningful start with the progression on the Journey to Self Sufficiency(J2SS).

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

RESOLVED THAT:

1. The 2022/23 Draft Budget proposals for statutory consultation be agreed.
2. The S151 assurance statement given in Section 5 be noted.
3. The Council's risk register be noted.

Reason for decision: Required as part of the 2022/23 budget process.

72. COUNCIL TAX BASE 2022/23

The report was presented by the Corporate Portfolio Holder, to determine the Council Tax Base and to advise members of the process for calculating the NNDR amounts due to the Council for the 2022/23 financial year.

No decision was required except that the report be noted.

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

RESOLVED THAT:

1. The calculation of the Council Tax Base for each parish and Special Expense area for each parish and special expense area for the financial year 2022/23, as detailed in Appendix 2, be approved and recommended to Council for adoption.
2. In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI 2012/2914, it be noted that the amount calculated by North West Leicestershire District Council as its Council Tax Base for the financial year 2022/23 shall be 35,581.
3. The delegated authority held by the Section 151 Officer to submit the calculations of non-domestic rating income and other amounts required by the Government by 31 January each year be noted.

Reason for decision: Statutory requirement to facilitate the setting of Council Tax for the forthcoming financial year.

73. CUSTOMER SERVICE STRATEGY

The report was presented by the Housing, Property and Customer Services Portfolio Holder, in order to seek Cabinet approval of the new Customer Experience Strategy 2022-2025.

It was noted that Covid had had an impact on the way that customers interacted with the authority and that the majority were now preferring to make contact via 'phone, email or website. Members commented that with the advent of the new customer service centre however, that could change, as it would be easier for customers to initiate face to face contact.

Members felt that web chat was a good mode of contact but noted that in their personal experience, they had found chat bots to be unsatisfactory. The Chief Executive confirmed that web chat would form a part of the Customer Service Strategy going forward, but stressed that the authority would remain mindful of the importance of customers always having the opportunity to contact the Council in person.

It was moved by Councillor R Bayliss seconded by Councillor R Blunt and

RESOLVED THAT:

1. The Customer Service Experience Strategy 2022-2025 be approved.
2. The draft action plan contained in Annex 4 be approved and authority to finalise it, post the accommodation move of the Customer Services Centre be delegated to the Director with responsibility for Customer Services.

Reason for decision: The previous Customer Service Strategy has expired and to ensure the Council retains its focus of putting the customer at the heart of everything we do. A new strategy is needed to set a clear commitment and plan for the organisation and our customers.

74. APPOINTMENT OF CONTRACTOR TO COMPLETE GREEN HOMES GRANT PHASE 1B EXTENSION WORKS TO 30 PROPERTIES

The report was presented by the Housing, Property and Customer Services Portfolio Holder, outlining the proposed procurement of a contractor to carry out the energy measures to be delivered to local homes following the successful bid by the Authority to the Government. It was noted that the report was a formality as it was to reappoint a trusted contractor for the second phase of the work. Members acknowledged the high standard of work that the contractor had already carried out and agreed that the authority should continue to work with them.

Members also wished to commend the Housing Team for their success in gaining more grants and building more houses.

The approval of the Chairman of the Council was given to the exemption of the Council's Scrutiny Procedure rules in relation to the call-in of the decision on the item, since any call-in would prejudice the ability of the Council to appoint the contractors to undertake the works required by the deadline, as set by BEIS in their grant offer.

It was moved by Councillor R Bayliss seconded by Councillor K Merrie and

RESOLVED THAT:

The award of the Green Homes Grant Phase 1B extension works contract to Aaron Services Limited be approved.

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

75. ZERO LITTER CAMPAIGN STRATEGY

The report was presented by the Community Services Portfolio Holder and outlined the need to reduce littering, fly tipping and dog fouling across the district.

It was noted how rapidly the authority responded to reports of fly tipping and that, various strategies were being employed to counter and deter offenders.

Members wished to put on record their thanks to volunteer litter pickers across the district who, throughout 2021, picked 48,000 bags of litter.

It was moved by Councillor A Woodman seconded by Councillor K Merrie and

RESOLVED THAT:

The Zero Litter Campaign and Action Plan be approved.

Reason for decision: To ensure the reduction of littering, fly tipping and dog fouling across the district.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.23 pm

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 FEBRUARY 2022

Title of Report	**BUDGET AND COUNCIL TAX 2022/23**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Draft Budgets 2022/23 - Corporate Scrutiny Draft Minutes – 8 December 2021 Draft Budget and Council Tax 2022/23 – Cabinet – 11 January 2022 Council Tax Base 2022/23 – Cabinet – 11 January 2022 Coalville Special Expenses Minutes 2022/23 - Coalville Special Expenses Working Party – 14 December	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	This report sets out the final General Fund, Housing Revenue Account, Special Expenses and Capital Programme for 2022/23. It also sets out planned changes to the fees and charges that the Council sets for some services.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	None.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	The report and its appendices set out plans to create new posts and remove vacant posts from the establishment.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	For Cabinet to recommend the 2022/23 draft budgets to Council.	
Reason for Decision	Required as part of the 2022/23 budget process	
Recommendations	**CABINET IS RECOMMENDED TO:**	

	1. RECOMMEND THE GENERAL FUND, HOUSING REVENUE ACCOUNT AND SPECIAL EXPENSE BUDGETS TO FULL COUNCIL. THIS INCLUDES: **A) FREEZING THE DISTRICT'S SHARE OF COUNCIL TAX IN 2022/23** **B) INCREASING RENTS BY UP TO 4.1%** **C) CHANGING SPECIAL EXPENSE PRECEPTS AS DETAILED IN SECTION 5** **D) CHANGES TO FEES AND CHARGES AS DETAILED IN APPENICES 1B, 2B AND 2C** **2. NOTE THE S151 ASSURANCE STATEMENT GIVEN IN SECTION 5; AND** **3. DELEGATE AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER, TO MAKE MINOR AMENDMENTS TO THE BUDGET TO IMPROVE THEIR ACCURACY PRIOR TO CONSIDERATION AT COUNCIL ON 24 FEBRUARY 2022**

1.0 BACKGROUND

1.1 This report updates Cabinet on the results of the statutory budget consultation and asks Cabinet to recommend the final budget to Full Council on 24 February 2022. This report presents:

- The final General Fund budget (Section 2)
- The final Housing Revenue Account budget (Section 3)
- The Council's draft five-year Capital Programme (Section 4)
- The final Special Expenses budget (Section 5)
- The Section 151 Officer's view on the robustness of these estimates and the adequacy of reserves (Section 6)
- Feedback from the statutory consultation (Section 7).

2.0 GENERAL FUND BUDGET 2022/23

2.1 Funding

2.1.1 The general fund budget funding position has been updated to reflect the provisional Local Government Finance Settlement, which was published on 16 December 2021, and the latest council tax base calculations, which are subject to a separate report on this agenda. The key funding changes, compared to the previous year, are:

- **Reduction in New Homes Bonus.** Government announced that the new homes bonus will continue for 2022/23, with the Council due to receive £2.218 million. This is £234,000 lower than in previous years, although much greater than previously expected following Government decision to introduce an additional year of reward.

- **Reduction in the Lower Tier Service Grants**. This grant was introduced last year to effectively provide transitional support and ensure no authority received a reduction in spending power. This years' Settlement also aims to maintain spending power, although this has been achieved through the continuation of the New Homes Bonus for a year. As a result, the lower ties service grant has reduced by £349,000 to £201,000.

- **New Support Service grant of £166,000.** This is a new one-off grant announced by Government through the Settlement, with a view to supporting council services.

- **Increase in Business rates**. Growth in the district is expected to result in a significant increase in business rate income, from £5.9 million currently forecast for this year to £8.6 million for 2022/23, an increase of £2.7 million. As a result of this growth, the use of the business rates reserve is reduced to £0, with a forecast £3.0 million remaining set aside within the reserve to offset future business rate volatility.

- **Council Tax income is assumed to increase by £117,000.** This is caused by growth in the district and represents growth of 2.1% since the previous year.

  The value of the district's share of council tax remains frozen. Had the council tax been increased by the maximum amount, which is £5 on a band D property including special expenses, then the Council would receive an additional £178,000 in council tax.

2.1.2 The net impact is an increase in anticipated funding of £1.0 million compared to the previous year's budget (see table 1 below). This is in line with previous forecasts within the medium term financial plan. However, the provisional financial settlement is a one year settlement, meaning the uncertainty and potential adversity surrounding the general fund's funding position in the medium term remains.

Table 1: Changes to the General Fund funding position from the previous year

	2021-22 Budget £'000	2022-23 Budget £'000	Change
Council Tax	5,525	5,642	2.1%
Business rates (including use of volatility reserve)	7,611	8,626	13.3%
New Homes Bonus	2,452	2,218	-9.5%
Lower Tier Services Grant	550	201	-63.5%
Services Grant	0	166	New
Transfer from/(to) Collection Fund	(99)	153	-254.5%
Total	**16,039**	**17,006**	**6.0%**

2.2 Budget Proposals

2.2.1 Appendix 1a sets out the most significant planned changes to the general fund budgets for 2022/23. The proposals include:

- **Cost pressures totalling £1.1 million.** The most significant cost pressure relates to our current staffing costs, which are due to increase by £861,000, due to a combination of increases in national insurance and pension contributions, assumed 2% pay award in 2022/23, additional anticipated staff cost increases in the 2021/22 year and the need for market supplements on some posts.

- **Changes to income, which see income increase by £397,000.** The most significant changes include higher income from the sale of recycling materials and the introduction of fees for additional garden waste bin collections.

- **Budget savings totalling £330,000.** This is where the council has identified areas where budgets can be decreased.

- **Service Developments totalling £162,000.** Service developments are where there are planned improvements to a service which bring additional costs. Considering the funding position, these developments have been sought to keep to a minimum.

2.3 Fees and charges

2.3.1 The council provides a large number of services to local residents that incur a fee. Appendix 1b sets out key changes to fees and charges for 2022/23 and whether those fees are expected to generate a surplus or are subsidised by the general fund.

2.3.2 As noted above, there is a new fee for 2022/23, which will see properties with more than one garden waste bin charged £45 for each additional bin they have. This is estimated to increase the net income by £210,700 during the year. Income estimates are based on assessment of the number of people who have a garden waste bin who will elect to have a second bin with the extra charge.

2.4 General Fund Budget Summary

2.4.1 Appendix 1c shows the draft summary general fund budget position for 2021/22 and 2022/23. Table 2 below highlights that the net revenue expenditure has increased by £1.2 million whilst the anticipated funding has increased by £0.9 million. This means the funding received is £271,000 more than planned expenditure. However, anticipated savings made through the Journey to Self Sufficiency Programme over the coming year, totalling £895,000 will see a contribution to reserves of £1.2 million by the end of the year if they are achieved.

Table 2: Changes to the General Fund budget from the previous year

	2021/22 £'000	2022/23 £'000	Movement £'000
Total Funding	(16,039)	(16,976)	(937)
Net Revenue Expenditure	15,506	16,705	1,199
Funding (surplus)/deficit	**(533)**	**(271)**	**262**
Targeted J2SS savings	(570)	(895)	(325)
Contributions to/(from) reserves	1,103	1,166	63

2.4.2 The budget position shows a surplus position of about £1.2 million in 2022/23 assuming that J2SS savings are made. This surplus should be viewed in the context of the medium term which although remaining uncertain in terms of detail is likely to see significant reductions in funding income as and when business rates growth retention is reset. It is for this reason that decisions made in this year's budget process will impact upon the authority's ability to achieve medium term financial sustainability.

2.4.3 Further work is ongoing with CLT and budget holders to challenge the base budget and find additional savings and income, in order to meet the ambitious J2SS savings targets.

2.5 General Fund Reserves

2.5.1 The General Fund has both the journey to self-sufficiency reserve and business rates reserve to help manage deficits and funding volatility. The combined value of these reserves is forecast to be £9.4 million on 31 March 2022 and will rise to £10.6 million by 31 March 2023 based on the current budget.

2.5.2 As noted in the medium-term financial plan, these reserves are anticipated to be used within the medium term when funding falls, predominantly as a result of an anticipated reset in business rates baseline. The revised figures, shown within appendix 1c, indicate that the general fund reserves will be fully used during 2024/25 based on our current plans.

3.0 HOUSING REVENUE ACCOUNT BUDGET 2022/23

3.1 Funding

3.1.1 As a self-financing account, the Housing Revenue Account's main source of income is the rents tenants pay for their home. The proposed increase in rents for 2022/23 is 4.1%, which is the maximum increase allowed under the current social rent policy, set by Government. It will increase rental income by £437,000 next year, to give a total rental income of £17.9 million.

3.1.2 The council will maintain its policy of capping rents at the level of the relevant Local Housing Allowance. This means all our properties will be covered by relevant benefit payments if the tenant is eligible for them. Officers estimate that around 59% of our current tenants receive either housing benefit or universal credits to support their rent payments.

3.1.3 The average weekly rent will increase from £84.45 to £87.91, an increase of £3.46 per week. Currently 34% of our socially rented properties are below the maximum charge for that property (known as the formula rent), resulting in £175,000 in lost income for 2022/23. Government's current social rent policy does not allow for supplementary increases to rents to catch-up with formula rent, meaning rents below the formula rent level can only be returned to formula rent when a property is relet.

3.1.4 Rents are now 4.2% higher than they were in 2015/16 in nominal terms, which was the year before the four years of 1% rent reductions. Had rents kept pace with inflation since 2015/16 they would be 7.6% higher than they currently are, and the Housing Revenue Account would benefit from an additional £1.4 million in rental income in 2022/23.

3.2 Budget Proposals

3.2.1 Appendix 2a summarises the proposed changes to the HRA budgets that exceed £15,000. This includes:

- **Changes in income totalling £511,600.** This is largely due to the increased rental income described in paragraph 3.1.1.

- **Cost Pressures of £951,500.** This largely relates to the increase in costs from the in-house repairs team, which is run as an internal trading account. This account is seeing its income fall as a result of a smaller home improvement programme, but it also seeing costs increase due to covid-safe working practices and increasing material prices. There are also increasing staffing costs, mirroring the cost pressure on the general fund (see paragraph 2.2.1).

- **Service developments of £321,000.** The majority of this development is to reintroduce the cyclical painting programme, which looks to ensure external areas of properties are painted where required, as part of a preventative maintenance programme. There are also three new positions proposed to support service delivery.

- **Budget savings of £317,500**. This is mainly due to the reduced interest charges following the repaying of £13 million of loans, scheduled for March 2022.

3.3 Fees and charges

3.3.1 As with the general fund, the HRA has a number of fees and charges. Some properties have service charges, on top of the rent, to pay for specific services relevant to their properties. These are listed in appendix 2b, and the key changes to note are:

- **Increase in utility costs of 20%.** This is based on well documented rising energy costs.

- **Grounds maintenance costs increase of 3%.** This charge was reduced by 14.7% in 2021/22 as the pandemic reduced the frequency of the services tenants received in 2020. These services have still not recovered to their previous level, so the service charge has not been increased back to its previous levels, with the estimated income from grounds maintenance costs increasing by £2,800 to £97,000. Had this disruption not occurred, the current income would be around £20,000 higher.

3.3.2 In addition to this, there are a number of fees and charges for additional services we provide. These are subject to inflationary uplifts, except for the central heating charges which are increasing by 20% as per the service charges. A full list of the fees and charges are provided in appendix 2c.

3.4 Housing Revenue Account Summary

3.4.1 Appendix 2d sets out the summary HRA budget for 2022/23. As shown in table 3, the increase in income from additional rents is offset by additional expenditure. This is balanced by a planned increase to the journey to self-sufficiency savings targets and lower revenue contributions to capital outlay, which balances the budget with a £65,000 surplus.

Table 3: Changes to the Housing Revenue Account budget from the previous year

	2021/22 £'000	2022/23 £'000	Movement £'000
Income	(18,059)	(18,521)	(462)
Operating Expenditure	14,599	15,231	632
Operating (surplus)/deficit	**(3,460)**	**(3,290)**	**170**
Targeted J2SS savings	(225)	(325)	(100)
Revenue contributions to capital outlay	3,650	3,550	(100)
Net (surplus)/deficit	**(35)**	**(65)**	**(30)**

3.4.2 The table above shows that significant revenue contributions to the capital programme remain in place. This is required to fund the Housing Capital Programme, and more detail is provided in section 4.2 and 4.3.

3.5 Housing Revenue Account Reserves

3.5.1 The Housing Revenue Account is forecast to have working balances of £6.0 million at the end of the 2021/22 financial year. In order to fund the HRA Capital Programme, £5.0 million of that working balance will be transferred to fund capital works, with £3.4 million transferred in 2022/23 and the remaining £1.6 million in 2023/24. This approach delays the anticipated borrowing requirement that is set out in paragraph 4.3.2 and minimises the costs to the HRA. A minimum working balance of £1.0 million will be retained to ensure the HRA has reserves for unexpected events.

4.0 CAPITAL PROGRAMMES 2022/23 TO 2026/27

4.1 General Fund Capital Programme

4.1.1 The proposed General Fund capital programme is outlined in appendix 3a. The five-year programme totals £17.1 million, which is a reduction of £1.8 million from the previous 5-year programme, which is largely a result of the earlier expected completion of the new leisure centre. Key changes include:

- **Introduction of a new £3 million regeneration programme for Coalville.** This multiyear investment will be used for regeneration projects for Coalville. These projects will be subject to the approval of full business cases for the individual projects. This new programme brings the total planned investment in Coalville up to £9.8 million over the next five years.

- **Updates to the investment in our IT and systems.** This updated programme of works brings anticipated capital spend on ICT and systems to £0.7 million over five years.

- **New projects to provide new vehicle weighbridges at our depot, as well as a project to replace CCTV across Ashby and Coalville.** These projects add £99,000 in the capital programme and will introduce latest technology to improve service performance.

- **An additional £151,000 for electric vehicle charging points for the Whitwick Business Centre.** Following approval of the Fleet Strategy and its associated action plan, work has identified a need for 8 charges at the Whitwick business centre. This figure includes allowance for upgrading the electricity supply to allow for further expansion in the future. However, it does not have provision for additional costs if the local substation requires upgrading – further options appraisals will be undertaken if that is the case given the potential large expense.

4.2 HRA Capital Programme

4.2.1 The proposed HRA capital programme is outlined in appendix 3b. Over the five-year period, the total programme comes to £67.3 million, an increase of £6.0 million over the previous five-year programme.

4.2.2 Key changes include:

- **Allocating £20.5 million over five years to work towards a zero-carbon programme**. Following the completion of a pilot programme of works to reduce carbon emissions on 56 of our properties in the current financial year, this five-year programme is expected to fund works to reduce the carbon emissions from over 2,000 council homes.

- **Reducing the size of the new build and supply programme by £13.6 million**. This helps to release funding for the zero-carbon programme. The remaining £13.0 million programme, when combined with carrying forward any underspends from the current years budget, is estimated to deliver 99 new affordable rented homes over the five-year period.

  The new build and supply programme includes provision to begin a regeneration project, which will see 30 existing dwellings demolished and replaced with new dwellings that better serve the needs of tenants with lower carbon emissions. This will be subject to consultation with the affected tenants.

- **Reduction in the estate improvement programme by £932,000 over the five years.** This reduction predominantly comes from the other estates project line, which is used for projects such as largescale fencing replacements, and footpaths and unadopted roads budgets. A programme of £2.2 million remains to complete estate improvement works over five years, and the off-street parking element of the programme has increased by £119,000 in 2022/23.

- **Supporting Housing Improvements works have been brought forward to 2022/23.** This has the effect of increasing the budget for 2022/23 by £630,000, although the five-year programme has reduced by £420,000.

- **Additional spend of £43,000 is planned Fire Risk Assessment Remedial Works in 2022/23.**

4.3 Funding the Capital Programmes

4.3.1 Each capital programme is funded from a variety of sources, including revenue, grants and borrowing. Table 3 below summarises the funding sources for each year of the general fund and housing revenue account capital programme.

4.3.2 The housing revenue account capital programme shows a need to borrow £9.1 million over five years from 2023/24. This is due to the introduction of the £20.5 million zero carbon capital programme, which cannot be fully funded through current reserves or revenue contributions currently. The scale of the borrowing has been minimised and will be delayed for as long as possible, to minimise borrowing costs.

4.3.3 Table 4 does not include potential external funding for the Zero Carbon work in the HRA capital programme. If additional funding is received, for instance from the Government's Social Housing Decarbonisation Fund (SHDF), the borrowing need will reduce.

Table 4: Sources of funding for the capital programmes

	2021/22 Forecast Carry Forward £'000	2022/23 Budget £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
General Fund Capital Programme						
Capital Receipts	30	0	0	0	0	0
Government Grants	0	670	670	670	670	670
Reserves	1,649	36	2	0	0	0
Section 106 contributions	0	0	0	0	0	0
Revenue contributions	5	22	0	0	0	0
Leasing/Unsupported Borrowing	2,766	10,117	2,341	619	592	49
General Fund Total	**4,450**	**10,845**	**3,013**	**1,289**	**1,262**	**719**
	2021/22 Forecast Carry Forward £'000	**2022/23 Budget £'000**	**2023/24 Indicative £'000**	**2024/25 Indicative £'000**	**2025/26 Indicative £'000**	**2026/27 Indicative £'000**
Housing Revenue Account Capital Programme						
Capital Receipts	1,303	2,471	2,670	2,257	2,184	2,241
Government Grants	0	208	207	207	180	117
Reserves	1,208	8,581	5,086	3,195	3,258	3,339
Section 106 contributions	268	219	601	12	0	0
Revenue contributions	600	3,550	4,250	4,364	4,390	4,590
External Borrowing	0	0	2,700	2,200	2,200	2,000
Housing Revenue Account Total	**3,379**	**15,029**	**15,514**	**12,235**	**12,212**	**12,287**
Total Capital Programme Funding	**7,829**	**25,723**	**18,527**	**13,524**	**13,474**	**13,006**

5.0 SPECIAL EXPENSES 2022/23

5.1 The Council operates a number of special expense accounts where it provides additional services specific to some areas. Appendix 4 sets out the five-year budgets for these accounts as they currently stand and show an aggregated net cost of service for special expense areas of £787,000, which will be funded from the precepts, reserves and the Localisation of Council Tax Support Grant.

5.2 Table 5 sets out current Special Expenses council tax increases for a band D property, which is based on an assessment of expected costs that need to be funded over the five year period.

Table 5: Changes to Special Expenses Council Tax for a band D property

	21/22	Increase	22/23
Coalville	£67.72	£6.09	£73.81
Whitwick	£8.87	£0.68	£9.55
Hugglescote	£18.45	-£3.18	£15.27
Coleorton	£9.22	£1.41	£10.63
Lockington & Hemington	£11.92	£1.80	£13.72
Measham	£1.73	£0.14	£1.87
Oakthorpe & Donisthorpe	£5.13	£0.97	£6.10
Ravenstone with Snibston	£1.03	£0.26	£1.29
Stretton-en-le-Field	£67.49	£5.62	£73.11
Appleby Magna	£6.05	£1.03	£7.08

6.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

6.1 The Local Government Act 2003 requires the section 151 officers to comment on the robustness of the budget estimate and on the adequacy of the proposed reserves.

6.2 The Section 151 officer considers that:

- The budget estimates within this report are robust, although particular attention should be paid to the Journey to Self Sufficiency saving targets built into the General Fund and Housing Revenue Account Budgets. These pose a significant challenge for both officers and members, but will be instrumental to the Council's financial resilience in the medium term.

- The Council has an adequate level of reserves to ensure financial sustainability in the short term. However, as noted in paragraph 2.5.2, the Council's general fund is now in a position where the reserves set aside to mitigate against the risk of adverse funding changes in the future are now expected to be fully used during the 2024/25 financial year.

7.0 CONSULTATION

7.1 Consultation with members

7.2 The corporate scrutiny committee has already considered the proposals within this report at their meeting on 8 December 2021. Members asked a number of questions around the proposals, and more detail can be seen in the minutes for the meeting, which are included as a background paper to this report. The main suggestions coming from the discussion were:

- **Whether the £10 million of reserves, noted in paragraph 2.5.1, could be better used to invest in the district.** These reserves are the Journey to Self Sufficiency Reserve and business rates volatility reserve. Both are considered necessary to manage the risk from the fair funding review, which is expected to significantly reduce the council's funding in the medium term as outlined in section 2.1. The reserves will help to protect existing services within the district over the medium term.

- **To defer the garden waste charge for additional bins and explore other options, such as keeping the second bin free of charge.** There was some concern from members about how many residents would pay the new charge and whether it would increase fly tipping. The proposal remains in the budget, as it builds on work and learning since March 2021, when Cabinet approved introducing garden waste charges when residents requested new additional bins.

7.3 The Coalville Special Expenses Working Party discussed the planned special expenses budgets for Coalville in their meeting on 14 December 2021. Members debated the planned council tax increase, along with planned expenditure that falls to the Coalville special expense account. In response to the Working Party's comments, the need for an accessible toilet at Coalville Cemetery has been reviewed and removed from the capital programme.

7.4 Public Consultation

7.5 As part of the budget consultation, the Council launched an online survey on 12 January to seek the views of residents and businesses on the main changes within the budget. The survey was promoted via social media and set out the key changes to the budget and asked responders to state the extent to which they supported the proposed change. Residents could also provide additional comments if they wanted it.

7.6 Appendix 5a provides a summary of the responses received so far. In total, 125 people have expressed their views on the general fund and special expenses budgets. This is a small proportion of businesses and residents within North West Leicestershire, so care should be taken when drawing inferences from the data. The key themes from the survey are:

- **There is strong support for the freezing of council tax.** Over 75% of respondents were supportive or very supportive of the move. Increasing cost of living was the most frequent comment from respondents that left a comment, with 11 mentions. Of those that were unsupportive or very unsupportive, 9 left comments to suggest council tax should increase and 5 were concerned by potential service reductions.

- **Overall respondents were not supportive of the new garden waste charge.** Around 60% of respondents were unsupportive or very unsupportive of the charge, whilst around 30% were supportive or very supportive. Where respondents left additional comments: 26 (30%) cited concerns about fly tipping; 15 had questions about how the charge would operate in practice; 10 considered the charge unfair, either because of the amount of council tax already paid or because the County Council turns the garden waste into compost to generate an income; 13 believe garden waste recycling levels will fall; and 6 were concerned about the cost,

- **Opinions on changes to other fees and charges were mixed.** Most respondents (38%) suggested they were neutral on the changes although more were unsupportive or very unsupportive (42%) than supportive or very supportive (19%). Where respondents left comments, the most common responses were concerned about increasing car parking charges (20 respondents), burial fee increases (7 respondents) and football pitch price increases (5 respondents).

- **Respondents were neutral on planned service developments.** The most frequent answer was to be neutral on these plans. The £65,000 funding for a feasibility study for regenerating Coalville drew the most comments, with 21 comments questioning the need and size of the expense. There were also 12 comments raising general concerns about value for money from the council.

- **Views on the General Fund Capital Programme were balanced.** The most frequent answer was neutral, with 37% of responses, although those supportive and very supportive and those unsupportive or very unsupportive are balanced at 33% and 30% respectively. The most frequent comments on was the accommodation project, with respondents questioning the size and the need for the project.

7.7 As part of the budget consultation, officers also wrote to representatives of the trade unions, parish and town councils and the federation of small businesses. These groups were asked to provide written comments or to complete the online survey. At the time of writing no written comments have been received.

7.8 As the consultation period continues to run until 30 January 2022, Cabinet will be presented with an additional paper for its meeting on 1 February 2022 to provide a final update on the consultation.

7.9 Consultation with tenants

7.10 As part of developing the budget, the Performance and Finance Working Group (a small group of involved tenants specialising in reviewing the performance and finances of our housing service) reviewed the Housing Revenue Account budget proposals. Key points of discussion amongst the group were:

- The grounds maintenance service charge, as tenants had not received the full service this year. The service charge remains lower as a result of the lower service, as noted in paragraph 3.3.1.

- Tenants were positive about the £20.5 million zero carbon programme, with particular interest in having solar panels installed on properties.

- The proposed rent increase of 4.1% was discussed, although there were no strong views expressed at the time.

7.11 Involved tenants were also invited to complete the consultation on the Housing Revenue Account, which ran alongside the general fund consultation and was also advertised via social media. At the time of publication, 10 responses have been received, 3 of which come from tenants. There numbers are small compared to the number of tenants we have, so care should be taken when drawing inferences from this population. Appendix 5b provides a summary of the comments, with the key themes being:

- **Support for the increase in rent.** Over half of respondents were very supportive. Of the tenants that responded, 66% were either supportive or very supportive, citing that it will help maintain housing. One tenant was unsupportive due to affordability concerns.

- **Support for the spending plans on both the capital and revenue budgets.** All spending plans detailed in the consultation were supported by the majority of respondents.

Policies and other considerations, as appropriate	
Council Priorities:	The budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	We have considered the impact of these budget proposals on protected characteristics defined within the Equalities Act. No material impacts have been identified.
Customer Impact:	Customers are likely to be impacted by the changes to fees and charges and special expenses precepts set out in this report.
Economic and Social Impact:	The General Fund capital programme allocates £9.8 million to investing in Coalville Regeneration Projects over five years.
Environment and Climate Change:	The budget sees substantial new investment in reducing our carbon emissions from our council homes, totalling £20.5 million over five years.
Consultation/Community Engagement:	Public consultation was completed in January 2022, which the results detailed in this report.
Risks:	The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered.
Officer Contact	Dan Bates Head of Finance and Section 151 Officer Dan.bates@nwleicestershire.gov.uk

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Appendix 1a

General Fund Budget Proposals Over £15,000

Service Developments

	Proposal	**Additional costs**	**One-off/ ongoing**
1	Feasibility study to support regenerating Coalville, including the future of the current waste and parks depots and hermitage leisure centre.	65,000	One-Off
2	Net increase in property service staff totalling 0.9 FTE	25,560	Reoccurring
3	Additional staffing within waste services in response to increasing demand	71,810	Reoccurring
	Total Service Developments	**162,370**	
	Of which are:		
	Reoccurring	*97,370*	
	One-off	*65,000*	

Cost Pressures

	Proposal	**Additional costs**	**One-off/ ongoing**
1	Increased staff costs from pay award and changes to NI and pension costs	746,522	Reoccurring
2	Increase in the Council's insurance costs	19,350	Reoccurring
3	Expected additional licencing costs when new finance system is adopted	15,000	One-off
4	Increase in staff costs due to the need for market supplements within the planning team	114,920	Reoccurring
5	New budgets for Customer Service Centre in Coalville	84,250	Reoccurring
6	Additional fuel costs resulting from price increases and the adoption of Hydrogenated Vegetable Oil as a low carbon alternative to diesel.	81,090	Reoccurring
7	Hiring of heavy good vehicles where required	121,850	One-off
8	Costs associated with decommissioning Hermitage Leisure Centre	130,000	One-off
9	Support and maintenance for the new IT networks resulting from the accommodation project	70,000	Reoccurring
	Total Cost Pressures	**1,116,132**	
	Of which are:		
	Reoccurring	1,116,132	
	One-off	266,850	

Change in income

	Proposal	Reduction in income	Increases in income	One-off/ ongoing
1	Net additional income from purchase Marlborough Centre		-74,132	Reoccurring
2	Net reduction in income from Whitwick Business Centre, following accommodation approval	119,370		Reoccurring
3	Reduced income from various licensing streams, due to lower demand.	35,460		Reoccurring
4	Temporary reduction in Newmarket rental income, due to lower occupancy and introductory discounts for traders and delay to the outdoor market provision	33,600		One-off
5	To introduce a charge of £45 for the collection of garden waste bins for properties with more than one bin.		- 210,700	Reoccurring
6	Reduction in car parking incoming, due to reduced capacity and demand. This reduction has been partially mitigated by increased fees, averaging 5.3% (generating £9,200), and proposing to stop free parking at Christmas from 2022 (generating £4,260).	32,450		Reoccurring
7	Estimated additional income from sale of recycling materials		- 332,720	Reoccurring
	Total changes in income	**220,880**	**-617,552**	
	Of which are:			
	Reoccurring	187,280	-61,552	
	One-off	33,600	0	

Budget Savings

	Proposal	Budget savings	One-off/ ongoing
1	Removal of a vacant post from the democratic services team, following efficiency gains.	-27,270	Reoccurring
2	Reduction in environmental protection budgets that are no longer needed following review.	-30,860	Reoccurring
3	Removal of vacant team manager post, with their duties redistributed and an addition 0.4 FTE post to carry out anti-social behaviour reduction initiatives	-47,520	Reoccurring
4	Removal of two vacant cleaner posts, representing 0.83 FTE	-20,000	Reoccurring
5	Anticipated savings from the council offices as a result of the accommodation project	-51,000	Reoccurring
6	Removal of a vacant administration officer	-16,530	Reoccurring
7	Contractual cost reduction from the Leisure outsourcing contract	-50,290	Reoccurring
8	Reduction in forecast bad debt	-15,000	Reoccurring
9	Removal of the Head of Customer Services post and introduction of a customer services team manager position	-21,433	Reoccurring
10	Reduced budget for consultancy support for High Speed 2 related matters	-50,000	Reoccurring
	Total Budget Savings	**-329,903**	
	Of which are:		
	Reoccurring	-329,903	
	One-off	0	

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Appendix 1b

General Fund Fees and Charges

Service	Charging Policy	2021/22 Fees	2021/22 Income Budget	2022/23 Proposed Fees	2022/23 Proposed Income Budget	Percentage change in fees	Basis for change
Appleby Magna Caravan Site Rent	Service Development	£35.20 per week	£8,630	£36.19 per week	£7,299	3.1%	Inflationary increase based on the Consumer Price Index.
Lifelines for private customers	Service Development	Basic: £4.21 per week Enhanced: £6.34 per week	£129,830	Basic: £4.34 per week Enhanced: £6.54 per week	£133,855	3.1%	Inflationary increase based on the Consumer Price Index.
Environmental Health - Licensing	Subsidised/ Full Cost Recovery	Fees vary between £3 and £64,000	£268,870	Fees vary between £3 and £64,000	£254,790	Between 1% - 3%. With statutory fees not increasing	To cover increase in costs
Environmental Health – Health and Safety	Full Cost Recovery	Fees vary between £4 and £150	£27,860	Fees vary between £4 and £155	£30,210	Between 2% - 3%.	To cover increase in costs
Environmental Health – Border Post Inspection	Full Cost Recovery	Fees vary between £25 and £192	£17,480	Fees vary between £25.50 and £193	£39,890	Between 2% - 3%.	To cover increase in costs
Environmental Health – Pest Control	Subsidised / Full Cost Recovery	Fees vary between £15.50 and £200	£29,400	Fees vary between £16 and £200	£35,580	Between 1% - 3%.	To cover increase in costs
Leisure – Football Pitches	Subsidised	Match prices: £29/£50 Team prices: £278/£502	£9,610	Match prices: £30/£51 Team prices: £284/£512	£9,810	Average of 2%	Annual increase

Waste – Bulky Collections	Full Cost Recovery	£26	£43,510	£27	£48,000	3.8%	To enable a breakeven position
Waste - Trade Refuse	Full Cost Recovery	240l - £8.00 360l - £9.50 770l - £15.75 1100l - £17.00 per bin per collection	£438,140	240l - £8.50 360l - £10.00 770l - £16.50 1100l - £17.85 per bin per collection	£458,090	Between 4.76% - 6.25%	To cover inflationary increases
Waste – Trade Sacks	Full Cost Recovery	£2.80 per sack (min 50 sacks)	£6,020	£2.90 per sack (min 50 sacks)	£2,030	3.57%	To cover inflationary increases
Waste – Trade Recycling	Full Cost Recovery	240l - £3.50 360l - £3.50 1100l - £5.80 per bin per collection	£74,950	240l - £3.70 360l - £3.70 1100l - £6.20 per bin per collection	£66,340	Between 5.71% - 6.90%	To cover inflationary increases
Electrical Vehicle Charging	Profit Generating	£2 per hr Mon-Sat £3 per hr Sunday	£1,600	£2 per hr Mon-Sat £3 per hr Sunday	£2,500	0%	
Environmental Protection – Burial Fees	Full Cost Recovery	Fees range from £75 to £1,512	£76,970	Fees range from £79 to £1,587	£89,350	5%	To cover increase in costs
Environmental Protection – Car Parking Tariffs	Full Cost Recovery	Fees vary between £0.60 and £36.00	£231,600	Fees vary between £0.65 and £38.00	£188,270	Average of 5.3%	Inflationary increase based on the Consumer Price Index.
Garden waste collection	Cost Recovery	First bin: £0 All subsequent bins: £45 when requested during the year	£0	First bin: £0 Subsequent bins: £45 each per year	£243,000	0%	There is no increase in this fee, but the charge will be rolled out across all existing bins

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL GENERAL FUND SUMMARY BUDGET 2022/23

2021/22 Budget £	2021/22 Forecast Outturn @P6 £	Service	2022/23 Budget £	2023/24 Indicative £	2024/25 Indicative £	2025/26 Indicative £	2026/27 Indicative £
273,570	265,550	Chief Executive	282,310	290,150	297,670	305,370	313,590
235,290	656,720	Human Resources	724,900	727,560	742,590	758,000	773,810
1,497,290	1,414,090	Legal & Support Services	1,486,570	1,654,790	1,542,800	1,579,830	1,622,290
2,006,150	**2,336,360**	**Total Chief Executive's Department**	**2,493,780**	**2,672,500**	**2,583,060**	**2,643,200**	**2,709,690**
341,090	334,913	Strategic Director of Place	347,920	357,820	367,340	377,090	387,090
6,830,640	7,455,923	Community Services	6,776,570	7,344,580	7,325,380	7,428,270	7,603,280
713,890	929,190	Planning & Infrastructure	1,031,610	1,218,070	1,016,170	1,061,610	1,189,050
842,550	881,600	Economic Regeneration	893,070	893,920	888,890	906,310	924,170
11,790	11,790	Joint Strategic Planning	12,420	12,680	12,940	13,210	13,480
8,739,960	**9,613,416**	**Total Director of Services**	**9,061,590**	**9,827,070**	**9,610,720**	**9,786,490**	**10,117,070**
534,920	513,890	Strategic Housing	560,010	582,180	594,760	607,420	620,320
1,037,510	1,079,880	ICT	1,199,820	1,235,410	1,261,000	1,286,850	1,314,630
747,480	881,110	Revenues & Benefits	951,330	987,380	1,018,640	1,048,230	1,080,800
474,870	581,270	Property Services	213,930	224,760	245,450	263,120	284,740
844,290	772,630	Customer Services	898,150	938,790	964,350	979,100	1,012,630
1,073,690	1,138,560	Finance	1,094,790	1,039,980	1,061,480	1,084,750	1,109,020
4,712,760	**4,967,340**	**Total Director of Housing & Customer Services**	**4,918,030**	**5,008,500**	**5,145,680**	**5,269,470**	**5,422,140**
16,040	16,040	Non Distributed - Revenue Expenditure on Surplus Assets	16,040	4,720	4,840	4,960	5,090
75,490	69,360	Non Distributed - Retirement Benefits	70,690	72,050	73,430	74,850	76,290
38,080	38,080	Corporate & Democratic Core	40,750	37,730	42,230	39,130	43,770
15,588,480	**17,040,596**	**NET COST OF SERVICES**	**16,600,880**	**17,622,570**	**17,459,960**	**17,818,100**	**18,374,050**
(1,582,150)	(1,559,850)	Net Recharges from General Fund	(1,684,570)	(1,718,940)	(1,754,370)	(1,790,510)	(1,827,340)
14,006,330	**15,480,746**	**NET COST OF SERVICES AFTER RECHARGES**	**14,916,310**	**15,903,630**	**15,705,590**	**16,027,590**	**16,546,710**
		CORPORATE ITEMS AND FINANCING					
		Corporate Income and Expenditure					
1,458,432	1,425,813	Net Financing Costs	1,762,293	2,639,291	2,887,372	2,847,972	2,805,372
(5,875)	(9,875)	Investment Income	(4,895)	(3,445)	(2,047)	(2,047)	(2,047)
47,613	47,613	Localisation of Council Tax Support Grant - Parish & Special Expenses	31,741	15,871	0	0	0
0	0	Revenue Contribution to Capital	0	0	0	0	0
15,506,500	**16,944,297**	**NET REVENUE EXPENDITURE**	**16,705,449**	**18,555,347**	**18,590,915**	**18,873,515**	**19,350,035**
(570,000)	(570,000)	Targeted savings in relation to J2SS	(895,000)	(1,120,000)	(1,245,000)	(1,270,000)	(1,270,000)
1,102,407	142,219	Contribution to/(from) Balances/Reserves	1,196,055	(3,241,436)	(4,261,706)	0	0
16,038,907	**16,516,516**	**MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)**	**17,006,504**	**14,193,911**	**13,084,209**	**17,603,515**	**18,080,035**
		ANTICIPATED BASELINE FUNDING GAP	**-**	**-**	**1,735,114**	**6,803,306**	**6,724,909**

2021/22 Budget £	2021/22 Forecast Outturn @P6 £	Service	2022/23 Budget £	2023/24 Indicative £	2024/25 Indicative £	2025/26 Indicative £	2026/27 Indicative £
		Financed By					
2,452,094	2,452,094	New Homes Bonus	2,218,274	-	-	-	-
(99,418)	(99,418)	Transfer from/(to) Collection Fund	153,126	(74,676)	-	-	-
5,525,086	5,525,086	Council Tax	5,642,435	5,713,530	5,785,520	5,858,418	5,932,234
3,337,032	5,874,684	National Non-Domestic Rates Baseline	2,403,617	2,630,111	2,681,302	2,734,928	2,754,072
		Business Rates Retained Growth and Renewables Disregard	6,222,377	1,165,597	1,528,956	1,913,521	2,375,478
4,273,836	1,736,184	Business Rates Reserve	-	3,064,829	-	-	-
550,277	550,277	Lower Tier Services Grant	200,977	-	-	-	-
0	0	2022/23 Services Grant	165,699	-	-	-	-
0	477,609	Other Grants from Government	0	-	-	-	-
0	0	Transitional Relief	-	1,694,520	1,353,316	293,342	293,342
16,038,907	**16,516,516**	**TOTAL FUNDING AVAILABLE**	**17,006,504**	**14,193,911**	**11,349,094**	**10,800,209**	**11,355,126**

Reserves Position

6,164,869	6,164,869	J2SS Starting Balance	6,307,087	7,503,143	4,261,706	-	-
4,801,013	4,801,013	Business Rates Reserves Starting Balance	3,064,829	3,064,829	-	-	-
10,965,881	**10,965,881**	**Total reserves at start of year**	**9,371,916**	**10,567,972**	**4,261,706**	**-**	**-**
1,102,407	142,219	Movement in J2SS Reserve	1,196,055	(3,241,436)	(4,261,706)	-	-
(4,273,836)	(1,736,184)	Movement in Business Rates Reserve	-	(3,064,829)	-	-	-
(3,171,429)	**(1,593,965)**	**Total in year movement**	**1,196,055**	**(6,306,265)**	**(4,261,706)**	**-**	**-**
7,267,276	6,307,087	J2SS End Balance	7,503,143	4,261,706	-	-	-
527,177	3,064,829	Business Rates End Position	3,064,829	-	-	-	-
7,794,452	**9,371,916**	**Total reserves at end of year**	**10,567,972**	**4,261,706**	**-**	**-**	**-**

Appendix 2a

Housing Revenue Account Budget Proposals Over £15,000

Service Developments

	Proposal	Amount	One-off/ ongoing
1	Additional officer to provide specialist support to tenants with mental health or drug and alcohol related issues. Zero net cost in year one from NHG Grant funding, (see Change in Income 1. below).	43,000	Ongoing
2	Additional officer to respond to heightened demand for anti-social behaviour, an area of low tenant satisfaction	43,000	Ongoing
3	Additional 0.5FTE to deliver the New Supply Programme	25,000	Ongoing
4	Reintroduction of the cyclical painting programme	210,000	Ongoing
	Total Service Developments *Of which are:* *Reoccurring* *One-off*	**£321,000** *£321,000* *£0*	

Cost Pressures

	Proposal	Amount	One-off/ ongoing
1	Increases in staff costs	239,000	Ongoing
2	Anticipated inflationary costs on repair budgets	82,500	Ongoing
3	Reduction in the inhouse repairs team surplus.	612,000	One-off
4	Additional third party fuel servicing audit costs following re-procurement	18,000	Ongoing
	Total Cost Pressures *Of which are:* *Reoccurring* *One-off*	**£951,500** *£951,500* *£0*	

Change in income

	Proposal	Amount	One-off/ ongoing
1	Anticipated NHS funding for the specialist support post	-43,000	Ongoing
2	Increased rental income based on a 4.1% rent increase	-437,000	Ongoing
3	Additional income from service charges	-31,600	Ongoing
	Total Change in Income *Of which are:* *Reoccurring* *One-off*	**-£511,600** -£511,600 £0	

Budget Savings

	Proposal	Amount	One-off/ ongoing
1	Budget savings following the procurement of support for the Greenhill youth facility.	-5,500	Ongoing
2	Reduction in interest charges following debt repayment	-312,000	Ongoing
	Total Budget Savings *Of which are:* *Reoccurring* *One-off*	**-£317,500** *-£317,500* *£0*	

Housing Revenue Account Service Charges

Service	Charging Policy	2021/22 Income Budget	Percentage change in fees	2022/23 Proposed Income Budget	Basis for change
Cleaning of shared/common parts	Full Cost Recovery	£66,088	3.10%	£68,137	Contractual inflationary increase
New Cleaning Contract Blocks	Full Cost Recovery	£30,431	3.10%	£31,374	Contractual inflationary increase
Repairs to shared/common parts	Full Cost Recovery	£4,755	0.00%	£4,755	Continuation of freeze of these costs since 2018/19.
Grounds maintenance of shared/common parts	Full Cost Recovery	£93,817	3.00%	£96,632	Inflationary increase, with adjustment for reduced service.
Utility costs of shared/common parts (Electricity)	Full Cost Recovery	£66,194	20.00%	£79,433	Increase based on increasing utility costs.
Door entry systems	Full Cost Recovery	£1,560	-36.00%	£1,000	Based on analysis of actual costs, with lower than anticipated costs in 2021/22 being passed onto tenants.
Repairs and replacement of items in laundry room	Full Cost Recovery	£22,904	3.10%	£23,614	Contractual inflationary increase
Repair and replacement of items in common room/kitchen	Full Cost Recovery	£608	0.00%	£608	Based on analysis of actual costs.
Support Officer checks in Schemes including fire Alarms	Full Cost Recovery	£6,559	2.75%	£6,739	Increase based on planned changes to staff costs.
Servicing of fire extinguishers	Full Cost Recovery	£914	5.00%	£960	Based on analysis of actual costs.
Maintenance of Control Centre link equipment	Full Cost Recovery	£34,883	3.10%	£35,964	Contractual inflationary increase
Older Persons Service Charge	Full Cost Recovery	£163,321	4.80%	£171,160	Inflationary increase based on Retail Price Index
Administration fee	Full Cost Recovery	£49,307	6.24%	£52,382	15% of chargeable services

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Appendix 2c

Housing Revenue Account Fees and Charges

Service	Charging Policy	2021/22 Fees	2021/22 Income Budget	2022/23 Proposed Fees	2022/23 Proposed Income Budget	Percentage change in fees	Basis for change
Central Heating	Full Cost Recovery	0 Bed: £5.96pw 1 Bed: £7.19pw 2 Bed: £8.25pw 3 Bed: £9.50pw	£83,313	£99,976	£99,976	20.00%	Market assessment of utility costs
Garage & Garage Site Rent	Profit generating	Garage: £7.13 per week Garage Site: £4.56 per week	£49,350	£50,880	£50,880	3.10%	Inflationary increase
Tenants Contents Insurance	Profit generating	Premiums from £0.28 to £6.23 per week	£7,080	£44,590	£44,590	0.00%	No change pending transfer of administration of the insurance to the insurance broker
Lifelines (East Midlands Housing Association)	Service development	Various depending on scheme but average increase from £1.92 to £3.20 per week	£44,590	£16,785	£16,785	3.10%	Inflationary increase

APPENDIX 2d

HOUSING REVENUE ACCOUNT SUMMARY	2021/2022 Budget £	2021/2022 Forecast (p6) £	2022/2023 Budget £
1. TOTAL REPAIRS & MAINTENANCE	5,524,747	5,524,747	5,702,450
SUPERVISION & MANAGEMENT			
2. General	2,212,285	2,216,857	2,345,123
3. Special / Supporting People	619,821	590,632	634,005
4.	2,832,106	2,807,489	2,979,128
5. PROVISION -DOUBTFUL DEBTS	100,000	100,000	100,000
6. CAPITAL FINANCING:-			
7. Depreciation - MRA & other	3,178,525	3,178,525	3,185,399
8. Debt Management Expenses	2,930	2,930	3,140
9. TOTAL CAPITAL FINANCE COSTS	3,181,455	3,181,455	3,188,539
10. IN-HOUSE REPAIRS TEAM NET (SURPLUS)/DEFICIT	(400,720)	(400,720)	211,300
11. DEPARTMENTAL ADMINISTRATION	0	41,637	0
12. TOTAL EXPENDITURE	**11,237,588**	**11,254,608**	**12,181,417**
13. RENT INCOME			
14. Dwellings	(17,445,770)	(17,395,080)	(17,882,910)
15. Service Charges	(541,140)	(495,640)	(572,760)
16. Garages & Sites	(49,350)	(43,310)	(45,220)
17. Other	(23,118)	(23,118)	(20,147)
18. TOTAL INCOME	**(18,059,378)**	**(17,957,148)**	**(18,521,037)**
19. NET COST/(SURPLUS) OF SERVICES	**(6,821,790)**	**(6,702,540)**	**(6,339,620)**
20. J2SS Cost Savings/Income increases	(225,000)	(225,000)	(325,000)
21. CAPITAL FINANCING - HISTORICAL DEBT	108,000	108,000	108,000
22. CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	2,945,170
23. INVESTMENT INCOME	(3,380)	(3,380)	(3,380)
25. TOTAL DEBT FINANCING COSTS	**3,136,790**	**3,136,790**	**2,724,790**
26. NET OPERATING EXPENDITURE/(SURPLUS)	**(3,685,000)**	**(3,565,750)**	**(3,614,830)**
27. REVENUE CONTRIBUTION TO CAPITAL	3,650,000	3,650,000	3,550,000
28. REPAYMENT OF HRA DEBT	13,000,000	13,000,000	0
29. TRANSFER FROM LOAN REPAYMENT RESERVE	(13,000,000)	(13,000,000)	0
29. NET (SURPLUS) / DEFICIT	**(35,000)**	**84,250**	**(64,830)**
HRA BALANCES			
30. Balance Brought Forward	(6,113,250)	(6,113,250)	(6,029,000)
31. (Surplus)/Deficit for Year	(35,000)	84,250	(64,830)
32. Transfer from/(to) Loan Repayment Reserve	13,000,000	13,000,000	0
33. Transfer to capital programme	0	0	3,400,000
34. HRA General Balance as at year end	(6,148,250)	(6,029,000)	(2,693,830)
35. Loan Repayment Reserve balance	0	0	0

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Appendix 3a: General Fund Capital Programme 2022-23 to 2026-27

	2021/22 Indicative carry forward	2022/23 For Approval	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative	2026/27 Indicative	Funding Source
Coalville Regeneration Projects							
Marlborough Square	1,648,905	-	-	-	-	-	Unsupported Borrowing
Marlborough Centre Purchase and Renovation	-	3,667,172	-	-	-	-	
Accommodation Project	164,083	3,142,662	25,000	-	-	-	
Coalville Regeneration Framework		1,500,000	500,000	500,000	500,000	-	
Total Coalville Regeneration Projects	**1,812,988**	**8,309,834**	**525,000**	**500,000**	**500,000**	**-**	
Systems / ICT Schemes							
Finance System / Review	-	40,000	-	-	-	-	Unsupported Borrowing and Reserves
Server and storage additional capacity	-	-	70,000	-	-	-	
WI-FI Replacement	-	48,000	-	-	-	-	
LAN Switches replacement	-	40,000	-	-	-	-	
Firewall Security Replacement	-	-	-	70,000	-	-	
Laptop Replacements	-	78,000	69,000	49,000	92,000	49,000	
Windows Server Professional services migration	-	50,000	-	-	-	-	
Total Systems and ICT Schemes	**-**	**256,000**	**139,000**	**119,000**	**92,000**	**49,000**	
Fleet Replacement and Infrastructure Programme							
Trucks	1,840,000	-	840,000	-	-	-	Unsupported Borrowing and Capital Receipts
Large commercial 4x4s	-	41,225	41,225	-	-	-	
Small Vans	24,115	48,230	48,230	-	-	-	
Medium Vans	232,715	964,105	132,980	-	-	-	
Large Vans	-	269,475	269,475	-	-	-	
Cars	94,689	-	-	-	-	-	
Specialist Vehicles	98,001	-	285,000	-	-	-	
Electrical vehicle charging point installations	5,000	187,100	2,000	-	-	-	Grants and Revenue
Total Fleet Replacement and Infrastructure Programme	**2,294,520**	**1,510,135**	**1,618,910**	**-**	**-**	**-**	

	2021/22 Indicative carry forward	2022/23 For Approval	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative	2026/27 Indicative	
Other Capital Schemes							
Disabled Facility Grants	-	670,310	670,310	670,310	670,310	670,310	Grants
Moira Furnace - Masonry & Drainage/Upgrades to Furnace and Bridge & further remedial works	279,723	-	-	-	-	-	Unsupported Borrowing and Reserves
Council Offices - (Stenson House) External works to roadway outside registry office	5,000	-	-	-	-	-	
Car Park - High Street, Ibstock - Remove and Renew Gullies	35,000	-	-	-	-	-	
UPS/Generator related (reconfiguring electric distribution)	-	-	60,000	-	-	-	
Whitwick Business Centre - Upgrade CCTV	10,000	-	-	-	-	-	
Market Street Car Park - Resurfacing	12,000	-	-	-	-	-	
CCTV Replacement	-	77,000	-	-	-	-	
Vehicle Weighbridges	-	22,020	-	-	-	-	
Total Other Capital Schemes	**341,723**	**769,330**	**730,310**	**670,310**	**670,310**	**670,310**	
TOTAL GENERAL FUND CAPITAL PROGRAMME	**4,449,231**	**10,845,299**	**3,013,220**	**1,289,310**	**1,262,310**	**719,310**	

2021/22 - 2026/27 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

	Current Year Expenditure			Five Year Capital Programme Expenditure						
	2021/22 budget	**2021/22 Forecast**	**Forecast carry forward to 2022/23**	**2022/23**	**2023/24 Indicative**	**2024/25 Indicative**	**2025/26 Indicative**	**2026/27 Indicative**	**5 Year Total**	**Funding Source**
2019 - 2024 Home Improvement Programme:										Revenue and Reserves
Home Improvement Programme	5,315,000	5,315,000	-	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	22,500,000	
2019 - 2024 Home Improvement Programme Total	**5,315,000**	**5,315,000**	**-**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**	**22,500,000**	
New Build and Supply:										Capital Receipts S106 contributions Revenue Borrowing
Phase 3 - Cropston Drive	16,336	16,336	-	-	-	-	-	-	-	
Phase 4 - Queensway [updated]	902,917	10,000	892,917	67,308	14,775	-	-	-	82,083	
Phase 4 - Howe Road [updated]	1,629,067	137,556	1,491,511	668,058	30,375	-	-	-		
Phase 4 - Cedar Grove [updated]	308,333	77,083	231,250	16,717	4,950	-				
Phase 4 - The Oaks, Whitwick [New]	-	376,500	-	645,082	645,082	17,836	-	-	1,308,000	
Phase 5 - Woulds Court [updated]	1,464,750	10,000	162,685	663,334	1,990,001	40,980	-	-	2,694,315	
Phase 6 - Western Avenue [New]	-	-	-	604,012	2,057,321	36,793	-	-	2,698,126	
Phase 7 - TBC	-	-	-	-	-	1,648,589	22,792	-	1,671,381	
Phase 8 - TBC	-	-	-	-	-	-	1,698,047	23,475	1,721,522	
Phase 9 - TBC								1,773,168		
Acquisition of sites [updated]	1,186,250	92,700	-	300,000	-	-	-	-	300,000	
S106 purchase - Osgathrope [updated]		395,500	-							
S106 purchase - Ravenstone [updated]		1,072,800	-							
S106 purchase - Newbold Colorton [updated]		540,815	-							
New Supply Total	**5,507,653**	**2,729,290**	**2,778,363**	**2,964,511**	**4,742,504**	**1,744,198**	**1,720,838**	**1,796,643**	**12,968,695**	
Estate Improvements:										Revenue and reserves
Mobility Scooter Stores	109,000	109,000	-	-	-	-	-	-	-	
Off Street Parking [updated]	313,000	313,000	-	400,000	281,333	-	-	-	681,333	
Footpaths & Unadopted Roads [updated]	50,000	50,000	-	50,000	50,000	50,000	50,000	50,000	250,000	
Garage Demolition & Replacement [updated]	60,000	100,000	-	60,000	60,000	60,000	60,000	60,000	300,000	
Place-shaping pilot	250,000	250,000	-	-	-	-	-	-	-	
Estates Projects - Other [updated]	200,000	200,000	-	200,000	200,000	200,000	200,000	200,000	1,000,000	
Estate Improvements Total	**982,000**	**1,022,000**	**-**	**710,000**	**591,333**	**310,000**	**310,000**	**310,000**	**2,231,333**	
Compliance:										
Fire Risk Assessment Remedial Works [updated]	570,000	200,000	370,000	130,000	87,000	87,000	87,000	87,000	478,000	Revenue and reserves
Compliance Total	**570,000**	**200,000**	**370,000**	**130,000**	**87,000**	**87,000**	**87,000**	**87,000**	**478,000**	
Major Aids & Adaptations	**323,000**	**370,000**	**-**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**1,500,000**	Revenue and reserves

	Current Year Expenditure			Five Year Capital Programme Expenditure						Funding Source
	2021/22 budget	2021/22 Forecast	Forecast carry forward to 2022/23	2022/23	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative	2026/27 Indicative	5 Year Total	
Zero Carbon Programme [updated]	**250,000**	**701,000**	**-**	**4,100,000**	**4,100,000**	**4,100,000**	**4,100,000**	**4,100,000**	**20,500,000**	Revenue Reserves Grants Borrowing
Supported Housing Improvements:										
Speech Module [updated]	230,000	-	230,000	30,000	-	-	-	-	30,000	Revenue and reserves
Electrical upgrades [new]				200,000					200,000	
Large Roof Replacement [new]				300,000					300,000	
Sheltered Housing Improvements [updated]	50,000	50,000	-	600,000				-	600,000	
Supported Housing Improvements Total	**280,000**	**50,000**	**230,000**	**1,130,000**	**-**	**-**	**-**	**-**	**1,130,000**	
Active Asset Management:										
Capital Works - Voids	350,000	350,000	-	350,000	350,000	350,000	350,000	350,000	1,750,000	Revenue and reserves
Active Asset Management Total	**350,000**	**350,000**	**-**	**350,000**	**350,000**	**350,000**	**350,000**	**350,000**	**1,750,000**	
Other Capital Spend:										
New Housing Systems	180,000	300,000	-	-	-	-	-	-	-	
Other Capital Spend Total	**180,000**	**300,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Capital Salaries	**678,000**	**705,000**	**-**	**844,830**	**844,830**	**844,830**	**844,830**	**844,830**	**4,224,150**	Revenue and reserves
Total Programme Costs	**14,435,653**	**11,742,290**	**3,378,363**	**15,029,341**	**15,515,667**	**12,236,028**	**12,212,668**	**12,288,473**	**67,282,178**	

SPECIAL EXPENSES BUDGET SUMMARY

SPECIAL EXPENSES	2021/22 Budget	2021/22 Forecast Outturn @ P6	2022/23 Budget	2023/24 Indicative	2024/25 Indicative	2025/26 Indicative	2026/27 Indicative
	£	£	£	£	£	£	£
COALVILLE							
Parks, Recreation Grounds & Open Spaces	332,780	334,214	396,380	386,710	370,850	418,100	521,660
Broomley's Cemetery & Closed Churchyard	26,610	18,687	74,660	24,050	26,680	24,880	25,330
One Off Grants	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Coalville in Bloom (Other Expenses)	8,690	5,325	5,000	5,000	5,000	5,000	5,000
Coalville Events	79,780	65,700	78,050	94,740	95,410	96,100	96,800
Earmarked Reserves no longer required	0	(5,154)	0	0	0	0	0
Revenue Contribution to Capital Outlay (RCCO)	0	25,000	0	0	0	0	0
Coalville Special Expenses - savings target	0	0	0	(94,220)	(94,220)	(94,220)	(94,220)
	449,860	**445,772**	**556,090**	**418,280**	**405,720**	**451,860**	**556,570**
WHITWICK							
Cemetery & Closed Churchyard	23,390	25,970	10,690	10,600	10,500	10,670	10,910
Cademan Wood car park & Open Spaces	4,040	4,032	4,160	3,710	4,350	4,450	3,950
	27,430	**30,002**	**14,850**	**14,310**	**14,850**	**15,120**	**14,860**
HUGGLESCOTE							
Cemetery & Closed Churchyard	25,140	2,647	17,920	17,590	14,430	12,260	16,550
	25,140	**2,647**	**17,920**	**17,590**	**14,430**	**12,260**	**16,550**
PLAY AREAS/CLOSED CHURCHYARDS							
GROUNDS MAITENANCE & PPM:							
COLEORTON	6,300	3,987	8,770	5,400	5,100	5,000	5,100
RAVENSTONE	3,080	913	5,050	2,390	1,590	2,150	1,610
MEASHAM	4,480	945	6,490	3,110	3,180	3,260	3,340
LOCKINGTON-CUM-HEMINGTON	2,760	1,559	2,590	11,390	2,700	2,750	2,820
OAKTHORPE & DONISTHORPE	13,940	13,938	13,410	4,680	4,770	4,860	4,950
STRETTON	1,510	1,510	1,560	1,590	1,620	1,650	1,680
APPLEBY MAGNA	13,810	13,743	2,950	2,910	2,980	2,940	3,010
OTHER SPECIAL EXPENSES	**45,880**	**36,594**	**40,820**	**31,470**	**21,940**	**22,610**	**22,510**
SPECIAL EXPENSES (NET COST OF SERVICE)	**548,310**	**515,015**	**629,680**	**481,650**	**456,940**	**501,850**	**610,490**
Service Management recharges/Admin Buildings	136,420	136,420	156,980	160,130	163,320	166,580	169,920
NET COST OF SERVICES AFTER RECHARGES	**684,730**	**651,435**	**786,660**	**641,780**	**620,260**	**668,430**	**780,410**
Contribution to/(from) Balances/Reserves	(112,528)	(79,233)	(179,283)	1,972	65,985	82,910	43,452
MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement)	**572,202**	**572,202**	**607,377**	**643,752**	**686,245**	**751,340**	**823,862**
FUNDED BY:							
Precept	524,589	524,589	575,635	627,881	686,245	751,340	823,862
Localisation of Council Tax Support Grant	47,613	47,613	31,742	15,871	0	0	0
	572,202	**572,202**	**607,377**	**643,752**	**686,245**	**751,340**	**823,862**

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Appendix 5a: 2022-23 General Fund and Special Expenses Budget Consultation

https://consultation.nwleics.gov.uk/finance/2022-23-budget-consultation

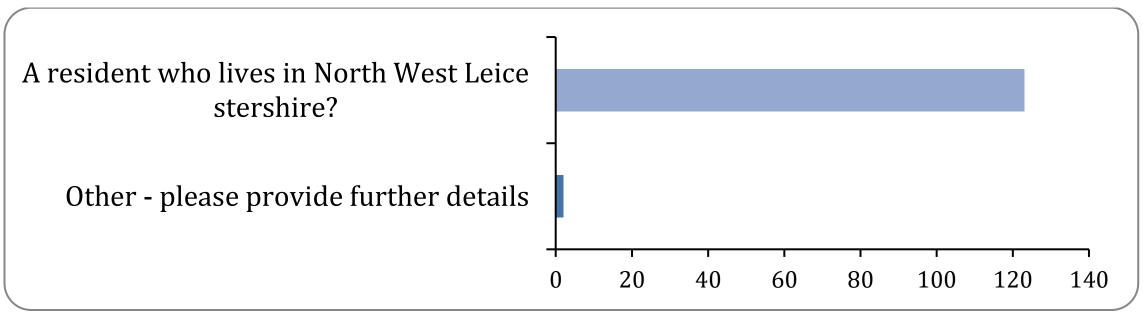
This report was created on Monday 24 January 2022 at 11:20

The activity had not yet closed when this report was generated. As such, this report may not accurately reflect the final distribution of responses, and should be treated as interim only.

Responses to this survey: **125**

1: Are you:

There were 125 responses to this part of the question.



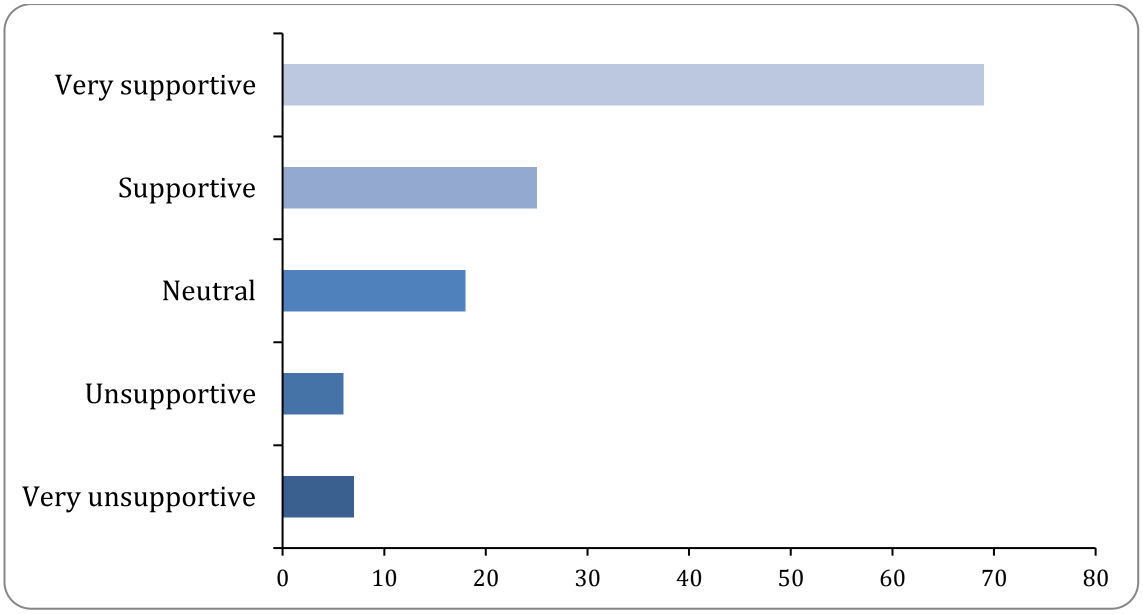
Option	Total	Percent
A resident who lives in North West Leicestershire?	123	98.40%
A business, charity or other organisation who operates within North West Leicestershire?	0	0.00%
Other - please provide further details	2	1.60%
Not Answered	0	0.00%

Respondent type - other

There were 2 responses to this part of the question. Both responses indicated that the respondent was both a resident and business owner.

2: How supportive are you of this Council Tax freeze?

There were 125 responses to this part of the question.



Option	Total	Percent
Very supportive	69	55.20%
Supportive	25	20.00%
Neutral	18	14.40%
Unsupportive	6	4.80%
Very unsupportive	7	5.60%
Not Answered	0	0.00%

3: What comments would you like to make about the council tax freeze?

There were 51 responses to this part of the question.

Of those that were supportive or very supportive of the freeze:

- 10 referenced general increases in the cost of living currently.
- 4 cited value for money concerns about their council tax.
- 2 suggested that council tax should decrease.
- 3 were concerned about potential service reductions because of council tax freezes.
- 1 suggested council tax should increase.

Of those that were neutral:

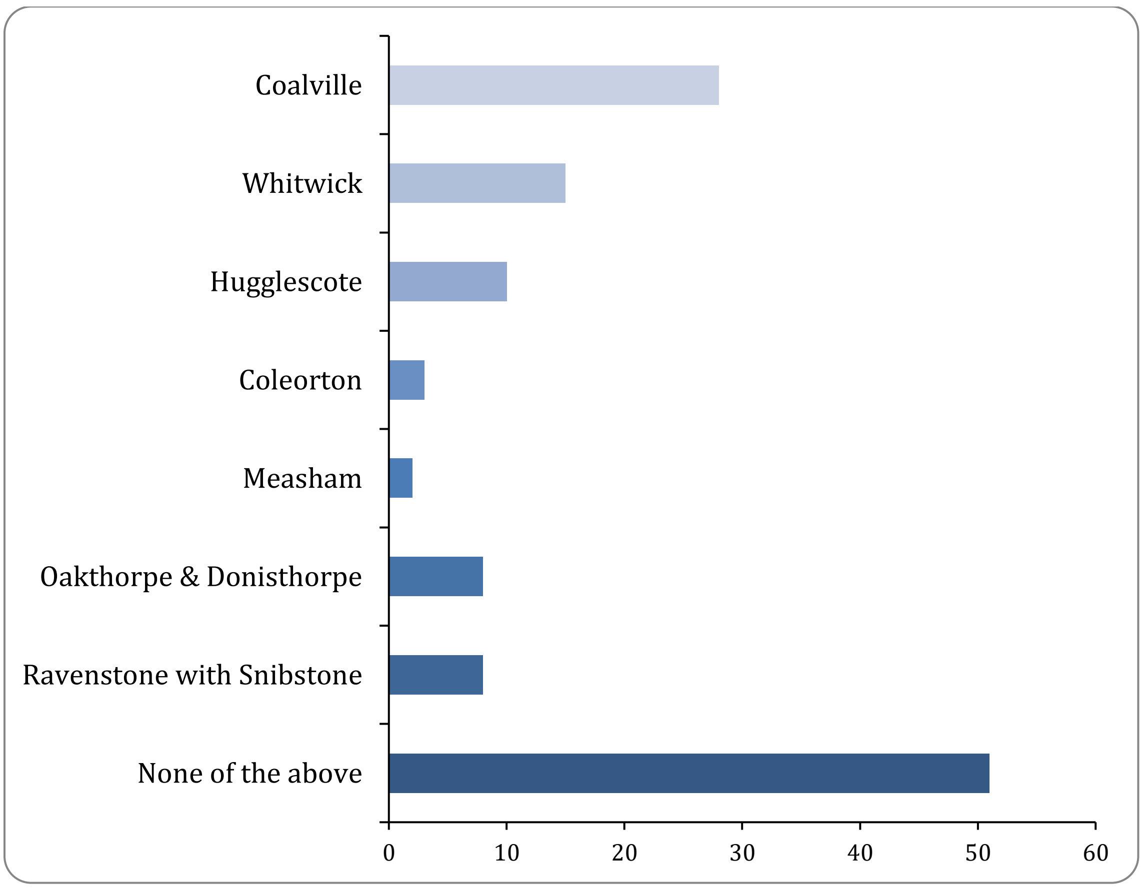
- 4 cited value for money concerns about their council tax.
- 3 were concerned about potential service reductions because of council tax freezes.
- 1 referenced general increases in the cost of living currently
- 1 suggested that council tax should decrease
- 1 suggested council tax should increase.
- 1 cited value for money concerns about their council tax

Of those that were unsupportive or very unsupportive of the freeze:

- 9 suggested that council tax should increase
- 5 were concerned about service reductions because of council tax freezes.
- 1 suggested more should be spent locally.

4: Do you live in one of the following areas?

There were 125 responses to this part of the question.

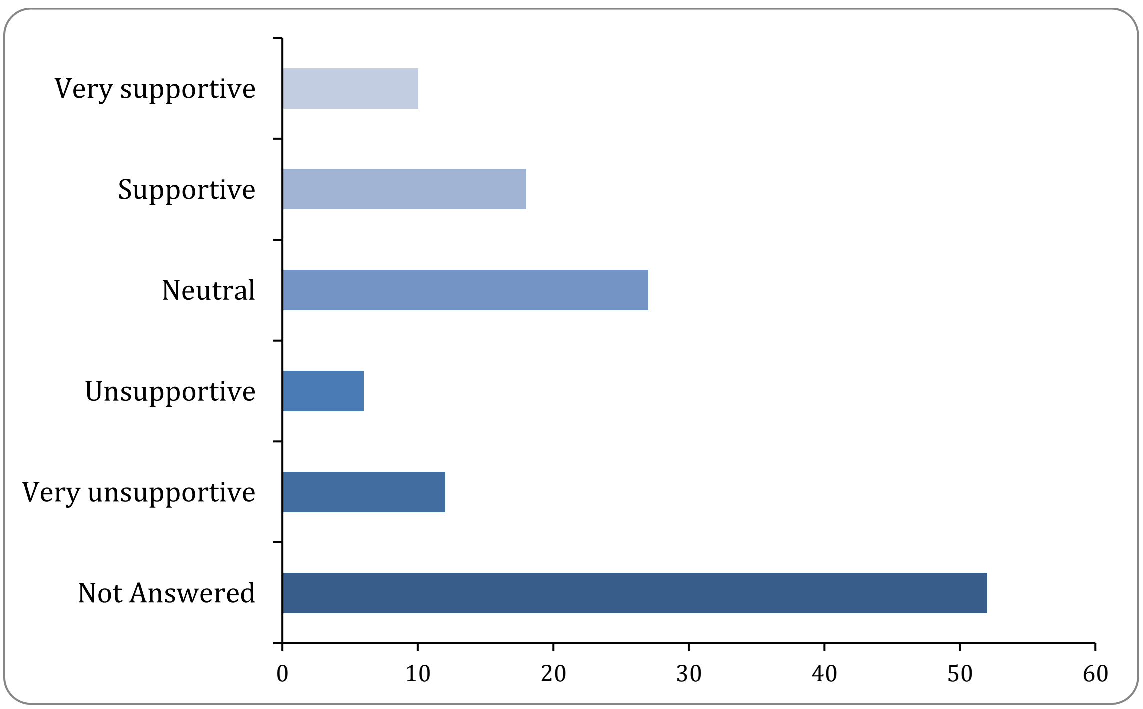


Option	Total	Percent
Coalville	28	22.40%

Whitwick	15	12.00%
Hugglescote	10	8.00%
Coleorton	3	2.40%
Lockington & Hemington	0	0.00%
Measham	2	1.60%
Oakthorpe & Donisthorpe	8	6.40%
Osgathorpe	0	0.00%
Ravenstone with Snibstone	8	6.40%
Stretton-en-le-field	0	0.00%
Appleby Magna	0	0.00%
None of the above	51	40.80%
Not Answered	0	0.00%

5: How supportive are you of these changes?

There were 73 responses to this part of the question.



Option	Total	Percent
Very supportive	10	8.00%
Supportive	18	14.40%
Neutral	27	21.60%
Unsupportive	6	4.80%

Very unsupportive	12	9.60%
Not Answered	52	41.60%

6: What comments would you like to make about the proposed Special Expense precept increases? (If you would like to comment on a particular special expense area, please clearly note which element you are referring to)

There were 24 responses to this part of the question.

Of those that were supportive or very supportive of the changes to special expenses:

- 1 requested it was used to maintain and extend play parks in Coalville

Of those that were neutral of the changes to special expenses:

- 3 were concerned at the size of the increase.
- 1 highlighted the variance of increase between different areas.

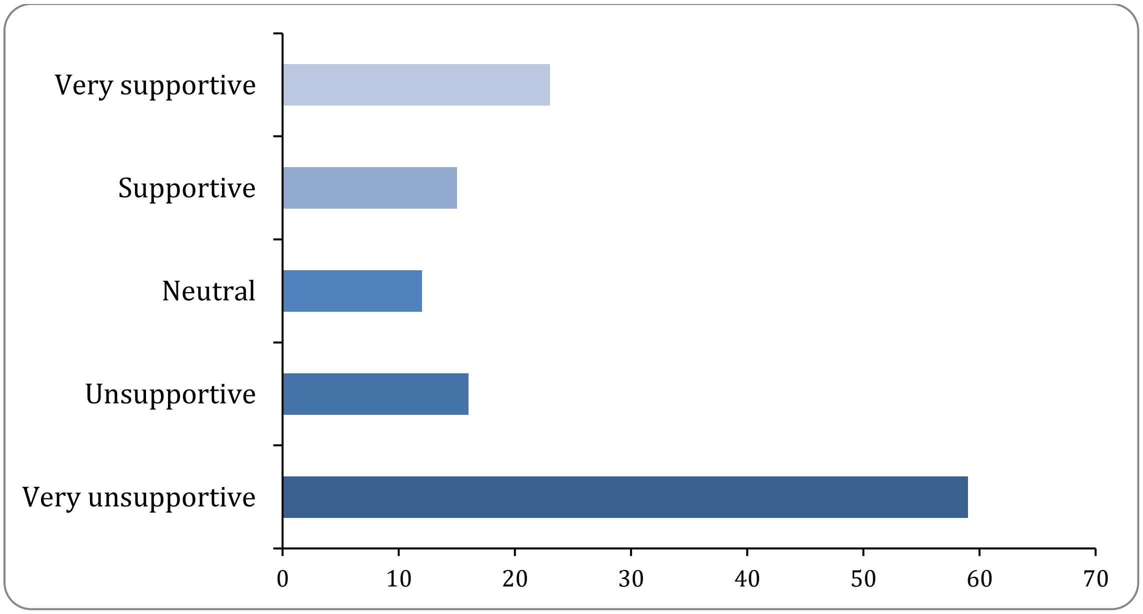
Of those that were unsupportive or very unsupportive of the changes to special expenses:

- 4 were concerned at the size of the increase
- 4 raised concerns about the condition of their local areas
- 2 queries the variance of the changes amongst different areas.

7: From April 2022, the Council plans to keep collection of a single garden waste bin free. However, there will be a new annual charge of £45 for each additional bin.

How supportive are you of this new charge?

There were 125 responses to this part of the question.



Option	Total	Percent
Very supportive	23	18.40%
Supportive	15	12.00%
Neutral	12	9.60%
Unsupportive	16	12.80%
Very unsupportive	59	47.20%
Not Answered	0	0.00%

8: What comments would you like to make about the new garden waste charge?

There were 88 responses to this part of the question.

Of those that were supportive or very supportive of the new garden waste charge:

- 3 suggested charging for the first bin too
- 3 had questions about how the charge would work in practice
- 2 cited concerns over fly tipping
- 2 considered the proposal was affordable
- 1 person raised affordability concerns
- 1 stated that we generate an income from composting the garden waste, suggesting it was unfair to then charge for collection too.
- 1 suggested charging for general waste collections
- 1 had concerns about the value for money of the charge

Of those that were neutral:

- 2 had concerns about the value for money of the charge
- 1 cited concerns over fly tipping
- 1 had questions about how the charge would work in practice
- 1 suggested more collections were required

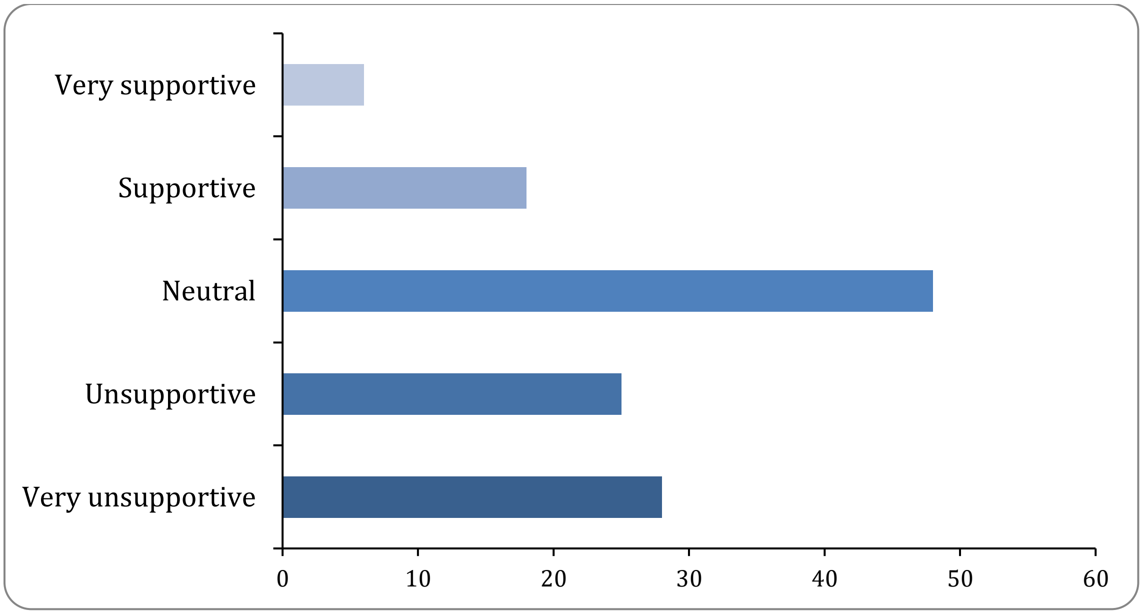
Of those that were unsupportive or very unsupportive of new garden waste charge:

- 23 respondents were concerned about the potential for fly tipping to increase
- 13 were concerned that it might reduce the amount of garden waste that gets recycled
- 11 had questions about how the charge would work in practice
- 6 had concerns about the value for money from the charge
- 5 cited concerns about the affordability of the charge
- 5 suggested it is unfair as properties with larger gardens are likely to pay higher council tax
- 4 suggested it was unfair on the basis the Council makes money from composting garden waste.
- 3 were concerned that it could lead to gardens being less well kept
- 2 were concerned that air quality could be affected if residents burn waste
- 2 respondents suggested that the first two bins should be free
- 1 suggestions more collections were required

9: The Council also plans to make a number of changes to existing fees and charges.

How supportive are you of these changes?

There were 125 responses to this part of the question.



Option	Total	Percent
Very supportive	6	4.80%
Supportive	18	14.40%
Neutral	48	38.40%
Unsupportive	25	20.00%
Very unsupportive	28	22.40%
Not Answered	0	0.00%

10: What comments would you like to make about the changes to these fees and charges? (If you would like to comment on a particular fee or charge, please clearly note which element you are referring to).

There were 62 responses to this part of the question.

Of those that were supportive or very supportive of the changes to existing garden waste charges:

- 5 raised concerns about car parking charges increasing, and the affect that could have on footfall in town centres.
- 2 raised concern about increasing football pitch prices, and the impact that could have on use.
- 2 raised concerns about increasing bulky waste charges
- 1 raised concerned about the affordability of charges
- 1 considered that staff should be charges parking fees
- 1 was concerned about increases in burial fees
- 1 cited value for money concerns

Of those that were neutral:

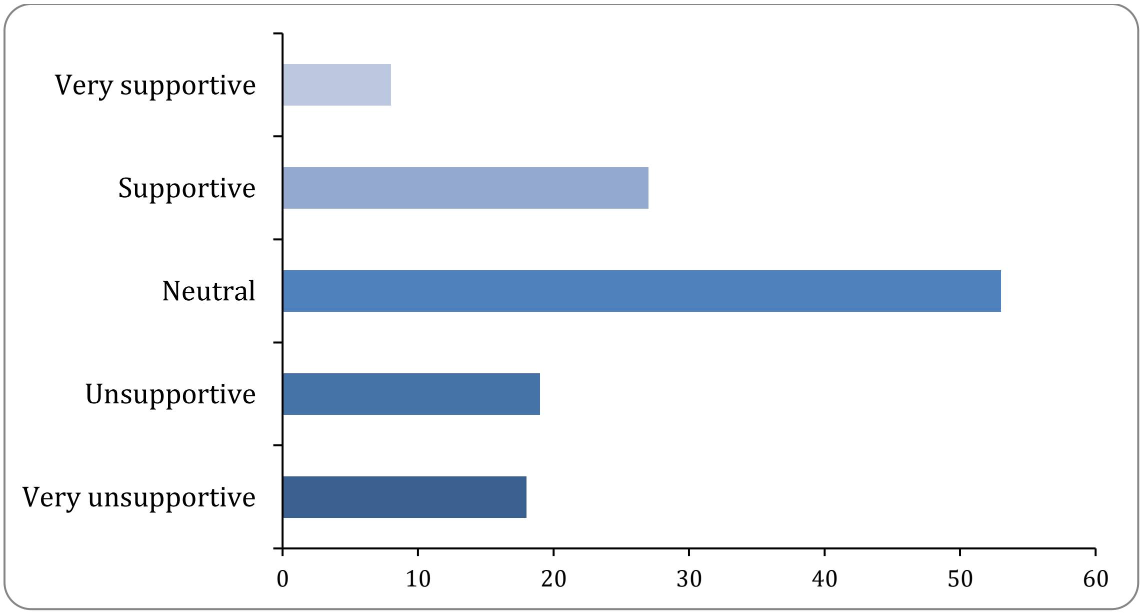
- 6 raised concerns about car parking charges increasing, and the affect that could have on footfall in town centres, whilst one was positive about the change.
- 4 citied concerns about fly tipping resulting from the increase in charges.
- 3 raised concern about increasing football pitch prices, and the impact that could have on use.
- 3 were concerned about increases in burial fees
- 3 were concerned about the trade waste and recycling increases.
- 2 were concerned by the planned increases to lifeline charges
- 2 raised concerns about increasing bulky waste charges
- 1 cited value for money concerns about the charges.

Of those that were unsupportive or very unsupportive of the changes to existing fees and charges:

- 9 were concerned by the car parking charge increases
- 4 were concerned about the affordability of charges
- 3 had specific concerns about the planned increase in burial fees
- 3 were concerned by the planned increases to lifeline charges
- 3 cited general value for money concerns with the charges
- 2 citied concerns about fly tipping resulting from the increase in charges.
- 2 cited specific concerns about the planned increases to football pitch charges
- 1 raised concerns about the trade waste and recycling increases.
- 1 cited concerns with the bulky waste charge increase

11: How supportive are you of this expenditure?

There were 125 responses to this part of the question.



Option	Total	Percent
Very supportive	8	6.40%
Supportive	27	21.60%
Neutral	53	42.40%
Unsupportive	19	15.20%
Very unsupportive	18	14.40%
Not Answered	0	0.00%

12: What comments would you like to make about our spending plans? (If you would like to comment on a particular element of our spending, please clearly note which element you are referring to).

There were 53 responses to this part of the question.

Comments from those that were supportive or very supportive drew on the following themes:

- 4 raised concerns at the value of the costs for a feasibility study to look at the future of the parks and waste depots and hermitage leisure centre.
- 3 were positive about the regeneration of Coalville
- 1 raised a value for money concern, suggesting more funding was needed for waste services.

Of those that were neutral, comments followed the themes below:

- 9 were concerned about the cost of the feasibility study for the parks and waste depots and hermitage leisure centre.

- 3 raised concern about value for money from services.
- 2 were negative about the progress of regenerating Coalville
- 1 wanted increased spend on areas other than Coalville
- 1 raised concerns over the infrastructure in Coalville
- 1 approved of providing more employment opportunities

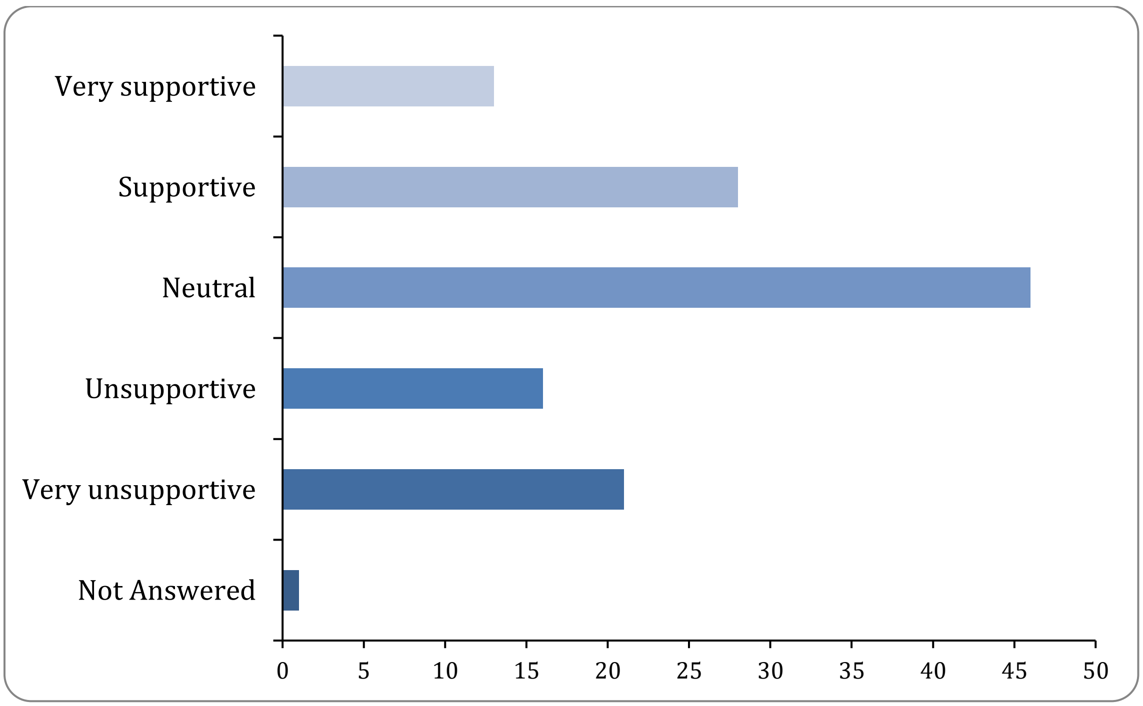
Of those that answered unsupportive or very unsupportive, the following themes were drawn out from comments:

- 8 raised value for money concerns about the council.
- 7 thought spending needed to be focused on areas other than Coalville
- 6 were concerned at the cost of the feasibility study for the parks and waste depots and hermitage leisure centre.
- 5 disagreed with additional funding for staff in property services.
- 1 was negative about the progress made in regenerating Coalville
- 1 approved of additional staff for waste services

13: How supportive are you of this expenditure?

GF Cap support

There were 124 responses to this part of the question.



Option	Total	Percent
Very supportive	13	10.40%

Supportive	28	22.40%
Neutral	46	36.80%
Unsupportive	16	12.80%
Very unsupportive	21	16.80%
Not Answered	1	0.80%

14: What comments would you like to make about our spending plans?
(If you would like to comment on a particular element of our spending, please clearly note which element you are referring to).

There were 52 responses to this part of the question.

Of those that said they were supportive or very supportive of the planned general fund capital programme:

- 5 were positive about plans to regenerate Coalville
- 3 felt less should be spent on the accommodation project
- 2 had concerns over Coalville Regeneration
- 1 requested more spend on play areas
- 1 had concerns on the Marlborough Centre spend
- 1 thought spending needed to be focused on areas other than Coalville
- 1 had concerns over local infrastructure
- 1 raised a value for money concern

Of the neutral respondents:

- 6 posted comments against the size of the accommodation project
- 1 thought spending needed to be focused on areas other than Coalville
- 1 had concerns over local infrastructure
- 1 had concerns over Coalville Regeneration
- 1 had concerns about the fleet replacement programme
- 1 were positive about plans to regenerate Coalville

Themes from those that were unsupportive or very unsupportive were:

- 11 were negative about the amount planned to be spent on office accommodation.
- 6 thought spending needed to be focused on areas other than Coalville
- 4 were negative about the amount of money being spent regenerating Coalville
- 3 flagged up general value for money concerns
- 1 felt more consultation was needed on capital spending plans

Appendix 5b: 2022-23 Housing Revenue Account Budget Consultation

https://consultation.nwleics.gov.uk/finance/e5cc028f

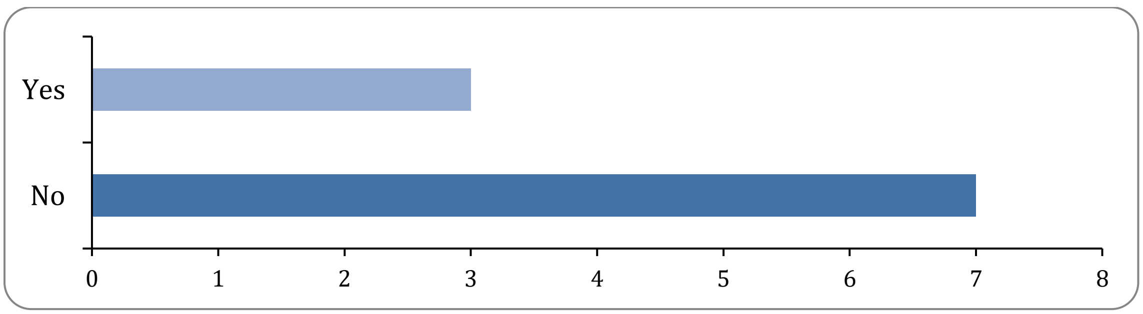
This report was created on Monday 24 January 2022 at 12:29

The activity had not yet closed when this report was generated. As such, this report may not accurately reflect the final distribution of responses, and should be treated as interim only.

Responses to this survey: **10**

1: Do you live in a property owned by NWLDC?

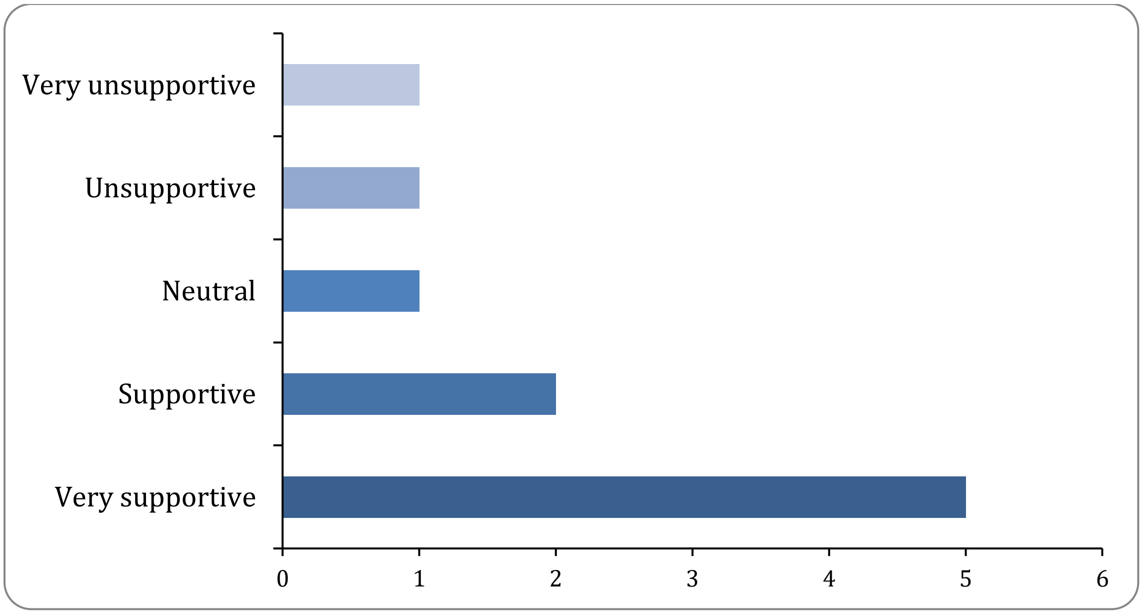
There were 10 responses to this part of the question.



Option	Total	Percent
Yes	3	30.00%
No	7	70.00%
Don't know	0	0.00%
Not Answered	0	0.00%

2: We are planning to increase the rents we charge by up to 4.1%.

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	1	10.00%
Unsupportive	1	10.00%
Neutral	1	10.00%
Supportive	2	20.00%
Very supportive	5	50.00%
Not Answered	0	0.00%

What comments would you like to make about the proposed rent increases?

There were 6 responses to this part of the question.

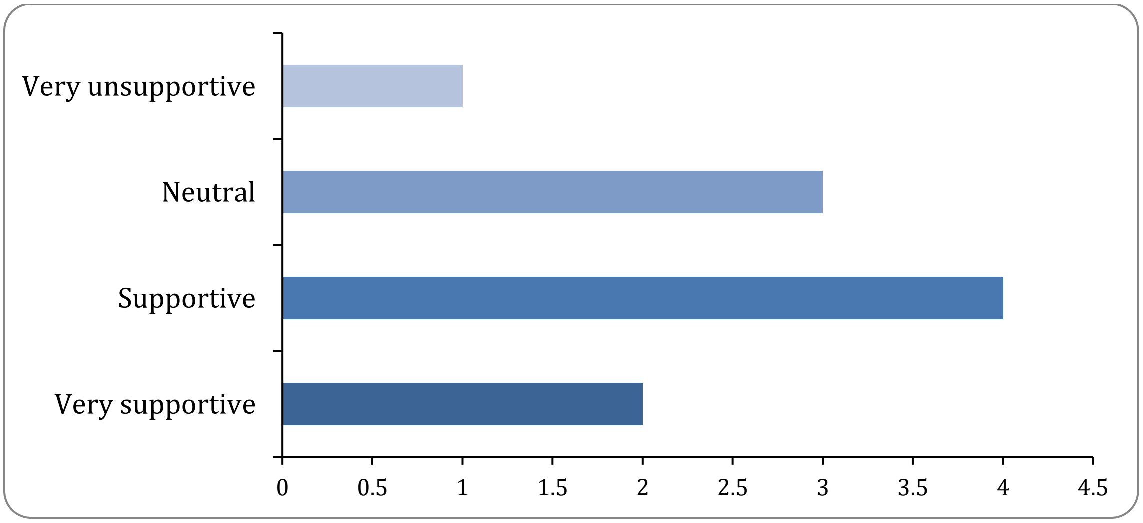
Of the comments:

- 3 felt it would help the Council maintain the properties
- 1 raised affordability concerns

3: Some tenants pay for particular services we provide that are only relevant to them, known as service charges.

How supportive are you of these changes?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	1	10.00%
Unsupportive	0	0.00%
Neutral	3	30.00%
Supportive	4	40.00%
Very supportive	2	20.00%
Not Answered	0	0.00%

What comments would you like to make about the proposed changes to service charges? (If you would like to comment on a particular charge, please clearly note which charge you are referring to).

There were 6 responses to this part of the question.

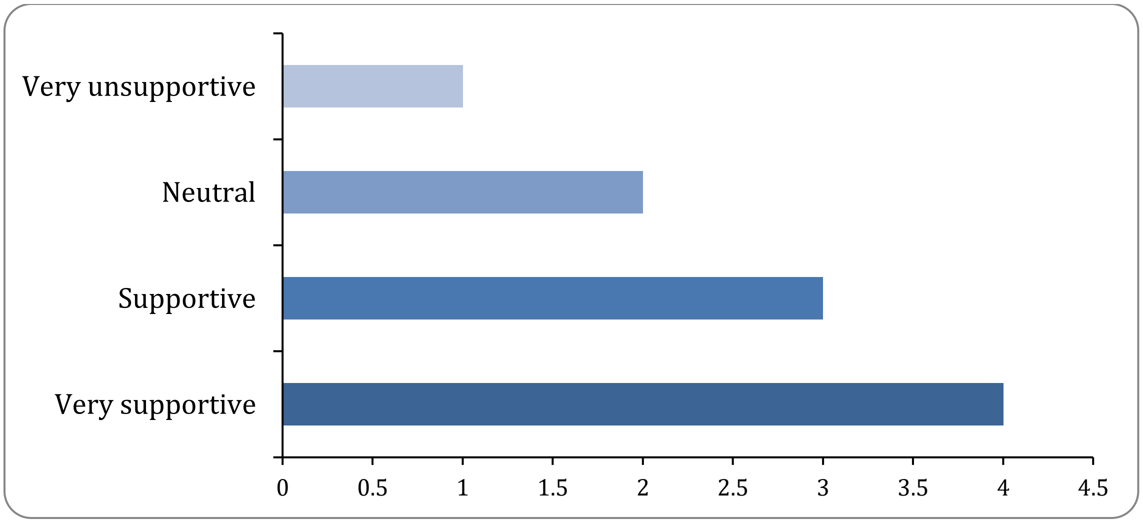
Of the comments:

- 2 were concerned about the increase in the older persons service charge
- 1 raised concerns over the size of the administration charge
- 1 thought the increase in utilities fees were likely to be an understatement

4: We also charge for a number of optional services we provide, which are listed in the table below.

How supportive are you of this increase?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	1	10.00%
Unsupportive	0	0.00%
Neutral	2	20.00%
Supportive	3	30.00%
Very supportive	4	40.00%
Not Answered	0	0.00%

What comments would you like to make about the proposed changes to our optional charges?

There were 4 responses to this part of the question.

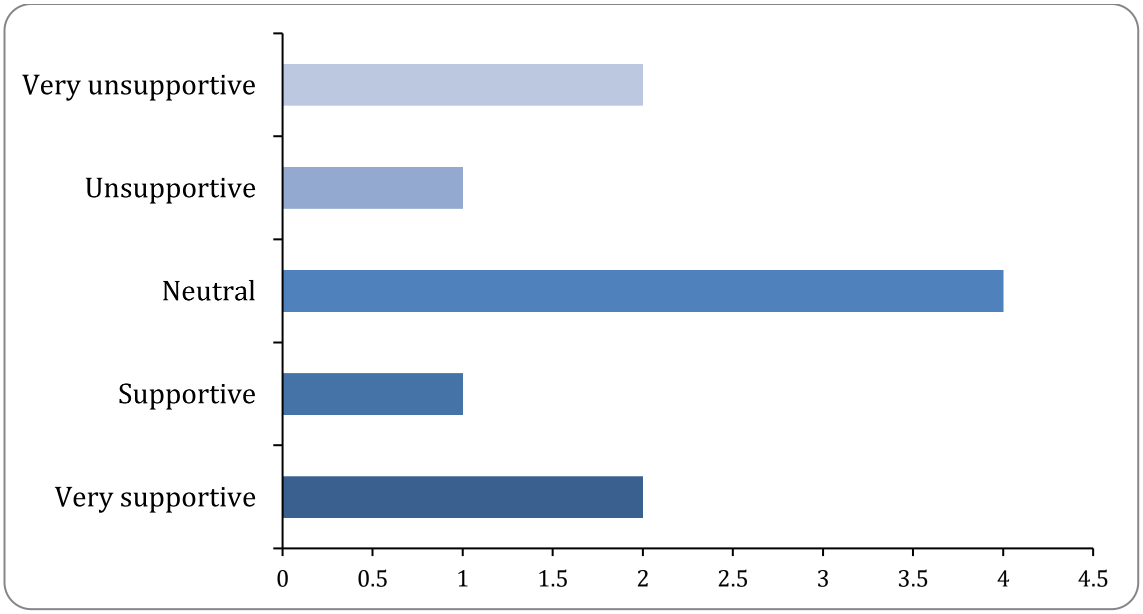
Of the comments:

- 1 respondent felt all fees should rise by inflation
- 1 thought garage rental charges should be higher if tenants have access to off street parking

5: Overall, we expect to spend £14.9 million in 2022-23 on our day to day activities.

How supportive are you of these service developments?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	2	20.00%
Unsupportive	1	10.00%
Neutral	4	40.00%
Supportive	1	10.00%
Very supportive	2	20.00%
Not Answered	0	0.00%

What comments would you like to make about on these service developments? (If you would like to comment on a particular service development, please clearly note which element you are referring to).

There were 7 responses to this part of the question.

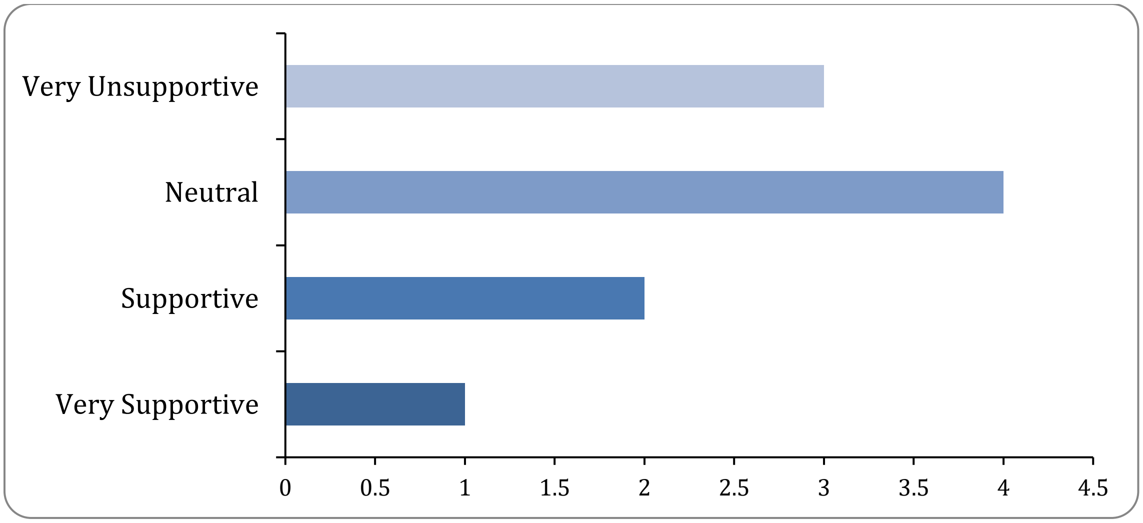
Of the comments:

- 2 raised concerns about the cost of additional staff
- 1 raised concerns about the quality of repairs

6: In 2022-23 we plan to spend £15.0 million on large projects, such as new houses or major upgrades to our existing houses.

How supportive are you of our plans to reduce carbon emissions from our properties?

There were 10 responses to this part of the question.



Option	Total	Percent
Very Unsupportive	3	30.00%
Unsupportive	0	0.00%
Neutral	4	40.00%
Supportive	2	20.00%
Very Supportive	1	10.00%
Not Answered	0	0.00%

What comments would you like to make about our plans to reduce carbon emissions from our properties?

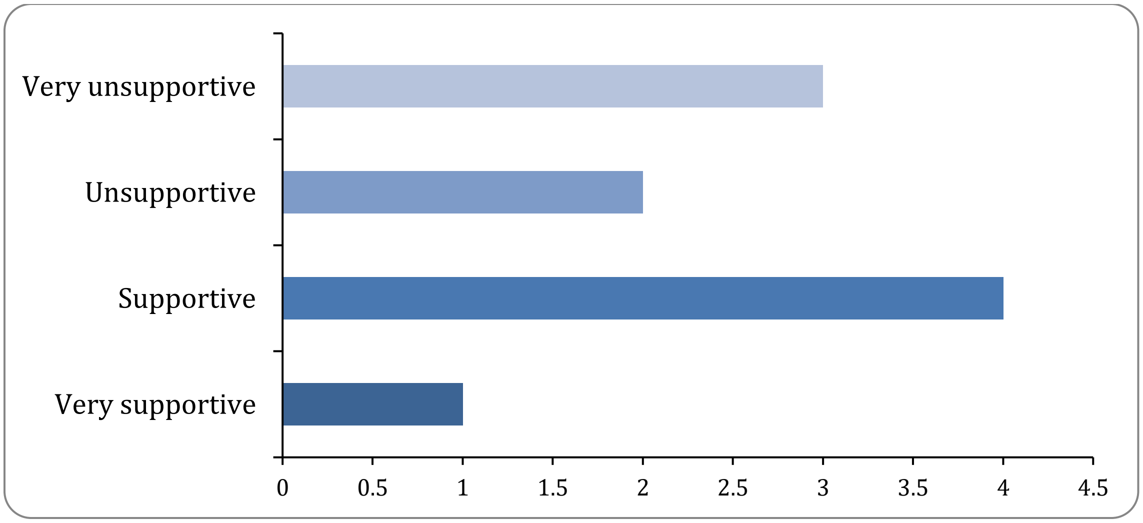
There were 5 responses to this part of the question.

Of the comments:

- 1 did not consider it a priority at a time of rising living costs
- 1 suggested that the improvements need to benefit tenants
- 1 suggested the money should be used to fund work on the wider housing stock, not focused on the HRA.

How supportive are you of our plans to buy and build new council homes?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	3	30.00%
Unsupportive	2	20.00%
Neutral	0	0.00%
Supportive	4	40.00%
Very supportive	1	10.00%
Not Answered	0	0.00%

What comments would you like to make about our plans to buy and build new council homes?

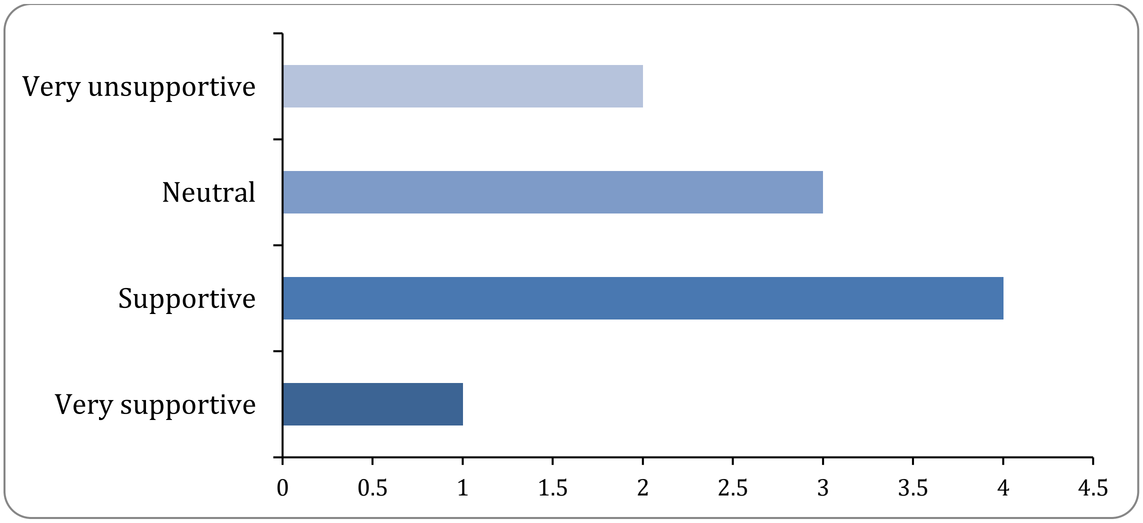
There were 7 responses to this part of the question.

Respondents raised the following comments:

- 1 raised concern about local infrastructure
- 1 suggested exploring the regeneration of existing council estates
- 1 thought sites in Coalville should be regenerated with council houses
- 1 thought the money would be better used supporting the local economy.

How supportive are you of our plans to improve our existing homes?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	2	20.00%
Unsupportive	0	0.00%
Neutral	3	30.00%
Supportive	4	40.00%
Very supportive	1	10.00%
Not Answered	0	0.00%

What comments would you like to make about our plans to improve our existing homes?

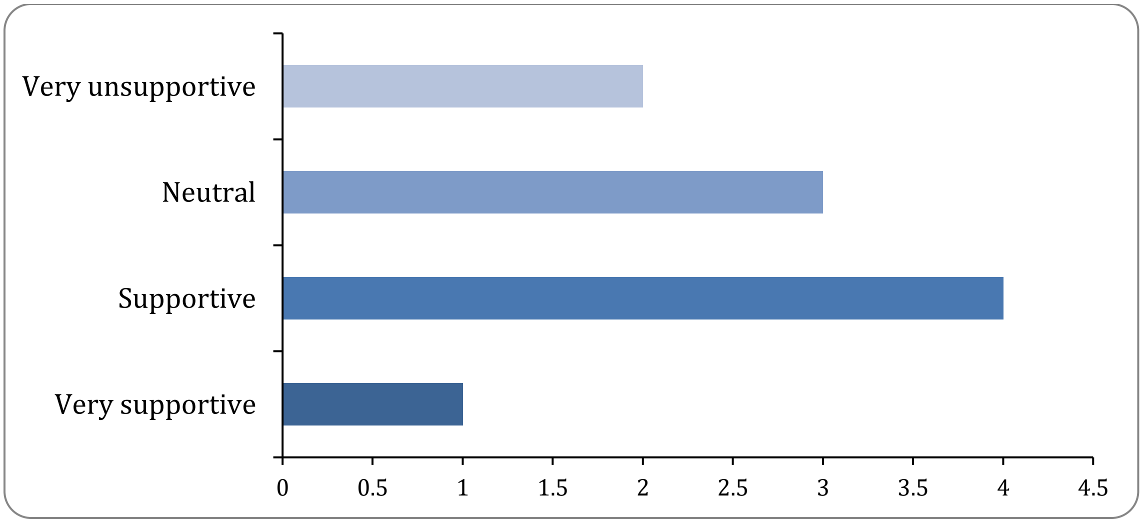
There were 6 responses to this part of the question.

Of the comments:

- 3 comments gave approval for these costs.
- 1 comment suggested tenants should pay for the improvements.

How supportive are you of our plans to improve our supported housing schemes?

There were 10 responses to this part of the question.



Option	Total	Percent
Very unsupportive	2	20.00%
Unsupportive	0	0.00%
Neutral	3	30.00%
Supportive	4	40.00%
Very supportive	1	10.00%
Not Answered	0	0.00%

What comments would you like to make about our plans to improve our supported housing schemes?

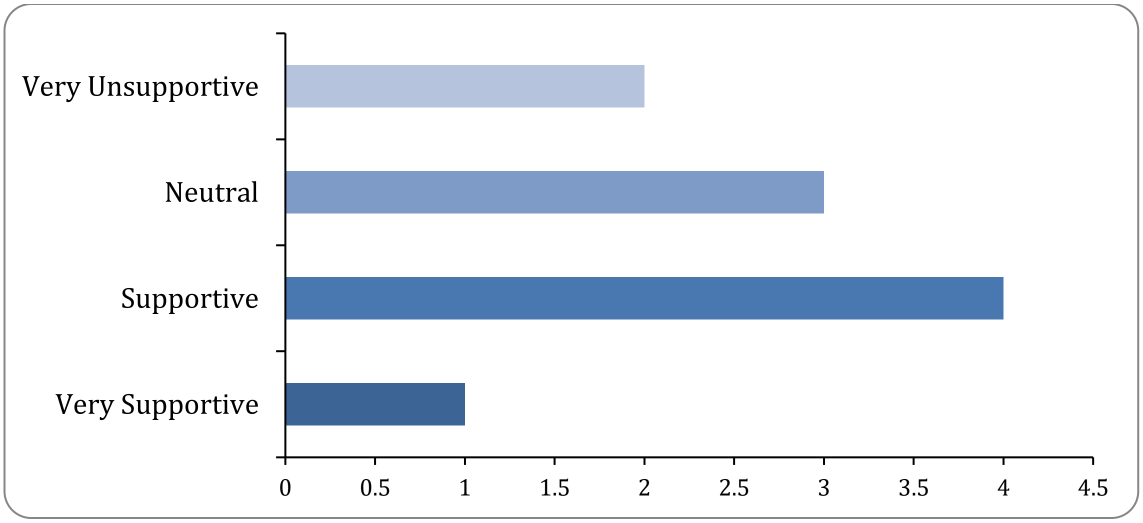
There were 5 responses to this part of the question.

Of the comments:

- 2 comments were positive about the improvements.
- 3 were neutral.

What comments would you like to make about our general spending plans?

There were 10 responses to this part of the question.



Option	Total	Percent
Very Unsupportive	2	20.00%
Unsupportive	0	0.00%
Neutral	3	30.00%
Supportive	4	40.00%
Very Supportive	1	10.00%
Not Answered	0	0.00%

What comments would you like to make about our spending plans? (If you would like to comment on a particular element of our spending, please clearly note which element you are referring to).

There were 5 responses to this part of the question.

Of the responses:

- 1 thought salary costs were high.
- 1 suggests work to improve the overall appearance of Coalville should be added to the Capital programme

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 FEBRUARY 2022

Title of Report	**2022 - 2027 MEDIUM TERM FINANCIAL PLANS**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Review of Medium Term Financial Plan – Cabinet – 21 September 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	The report sets out the medium-term financial position for both the General Fund and Housing Revenue Account. The plans have been updated for the latest budget position and continue to show the significant uncertainty around the general fund's medium term position – with structural deficits arising within the medium term overall both optimistic and pessimistic scenarios. The HRA, as a self-financing account, remains healthy with significant contributions to the capital programme and small surpluses expected each year.	
	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 direct staffing implications, although the forecast financial position on the general fund will have significant corporate implications if the funding risks identified in the report materialise.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To present Members with a Medium Term Financial Plan that aligns to the proposed General Fund and Housing Revenue Account budgets for 2022/23 and beyond.	
Reason for Decision	For Members to be aware of the medium-term financial position when considering the 2022/23 final budgets.	
Recommendations	**THAT CABINET NOTE THE COUNCILS REVISED MEDIUM TERM FINANCIAL PLANS**	

1.0 BACKGROUND

1.1 The Council's Medium Term Financial Plans were last considered by Cabinet on 21 September 2021, when the underlying assumptions were updated to inform the approach to setting the 2022/23 budget. That report set out that the Council faces uncertainty in the medium-term, particularly with regards to the General Fund's funding position, and noted the importance of continuing preparations that give the Council agility to respond quickly if the risks identified do materialise.

1.2 This report provides Cabinet with medium term financial plans for both the General Fund and HRA, reflecting the changes arising from the Local Government Finance Settlement and the year's budget setting process.

2.0 GENERAL FUND MEDIUM TERM FINANCIAL PLAN

2.1 The Local Government Finance Settlement was broadly as anticipated in the previous iteration of the medium term financial plan, with Government protecting local authority's spending powers in a one year settlement. This was achieved by continuing with the New Homes Bonus for another year and introducing a one-off Service Grant for 2022-23.

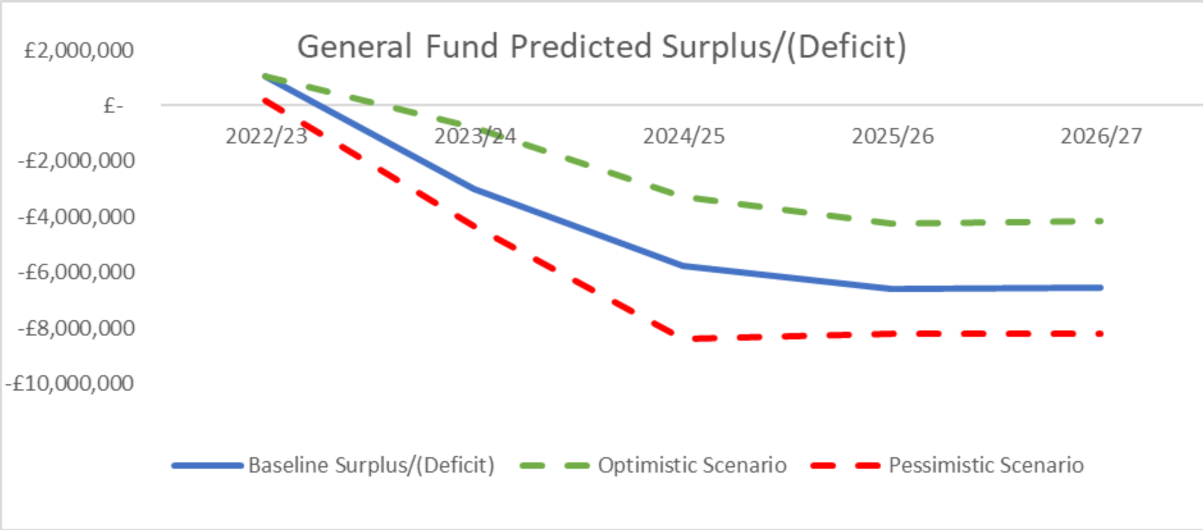
2.2 This settlement means the General Fund remains healthy for 2022-23, with a significant budget surplus expected. However, the short-term nature of the settlement suggests that Government will look to complete its review of local government funding in 2022, with the latest reports suggesting a consultation will start in spring this year. The outcome of this consultation will be critical to North West Leicestershire District Council's financial resilience, as the Council is particularly vulnerable to potential changes to the business rates baseline and New Homes Bonus.

2.3 The medium term financial plan looks to recognise the uncertainty caused by the pending government funding by setting our a range of potential scenarios. These are set out in the graph below, and are based on the following assumptions:

- **Baseline scenario:** Council tax base growth at 1.26% a year with a council tax freeze. Business rates grow at 0.7% a year with the New Home Bonus ceasing in 2022/23. All Journey to self sufficiency savings are met and transitionary support is provided by Government on 90% of losses.

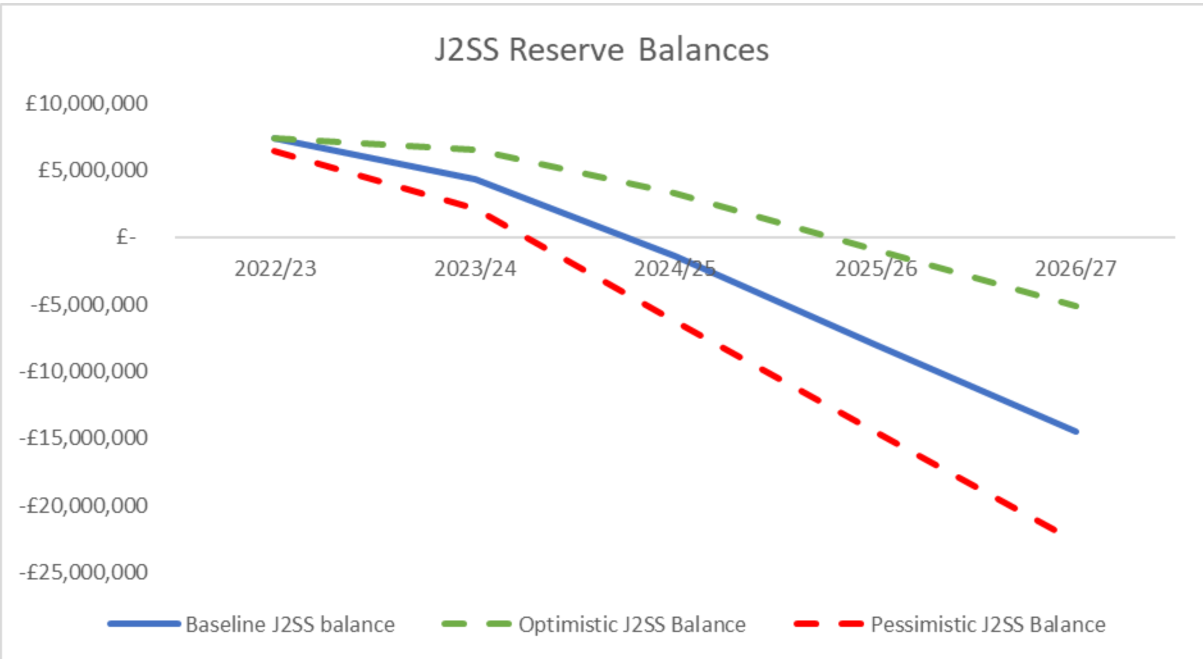
- **Optimistic scenario:** Council tax growth rate increases from 1.26% per year to 2.15%, with the Council increasing council tax by the maximum amount from the next election. Business rates grow at 2% a year and Government provides transitionary support on 95% of losses. All Journey to self sufficiency savings are met, the new homes bonus continues for the 5 year period.

- **Pessimistic scenario:** Council tax base grows at 1.26% a year and the council tax freeze remains, but collection rates drop by 1%. Business rates do not grow and there is no further New Homes Bonus. Journey to self sufficiency savings do not materialise, and the transitionary support provided by Government only compensates the council for 80% of losses.



2.4 As was the case in the September 2021 review, there is a downward trajectory expected for the General Fund surpluses, with deficits expected in all scenarios over the medium term. The point at which deficits are expected to occur has come forward by a year, caused by increasing cost pressures identified through the budget setting process. The anticipated structural deficit is around £6.8 million.

2.5 The Journey to Self Sufficiency reserve, which is forecast to be £6.3 million at the end of March 2022, is set aside to fund deficits when they arise. The scale of the current forecast deficit would lead to these reserves being fully used in the 2024/25 financial year in the baseline scenario based on the Council's current plans if no further action is taken.



2.6 The Journey to Self Sufficiency Programme will address the structural deficit as highlighted in the above analysis. This Strategy will be updated and presented to Cabinet and Council over the next few months, alongside a revised Medium Term Financial Strategy which will take account of the Government's imminent fair funding review and its impact on the Council's future funding.

3.0 HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN

3.1 Since Cabinet last reviewed the HRA medium term financial plan in September 2021, the rent increase has been confirmed at 4.1%, which is 1.4 percentage points above the previously anticipated amount. This more favourable rent increase has been built into the HRA budget for 2022/23, and has the effect of increasing rents over the medium term, as a result of the higher rent compounding over the five years.

3.2 The table below sets out the revised medium term financial position for the HRA based on the latest budget figures, and it shows the HRA making modest surpluses in each year over the period and £21.1 million of contributions to the capital programme.

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**TOTAL £'000**
Surplus/(Deficit) before adjustments	3,290	3,792	3,817	3,913	3,867	**18,679**
Revenue contributions to capital outlay	(3,550)	(4,250)	(4,364)	(4,390)	(4,590)	**(21,144)**
Planned Journey to Self-Sufficiency Savings	325	575	625	900	900	**3,325**
Predicted Surplus/(Deficit)	65	117	78	423	177	**860**

3.3 The HRA capital programme now includes a £20.5 million five-year programme for reducing the carbon footprint of our council homes. This has put significant pressure on the medium term financial position, and the budget reports set out a need to borrow £9.1 million to fund the capital programme over the five years, although this may reduce if the Council received more funding from Government for this work. A potential new decent home standard and the social housing white paper are the remaining known emerging priorities that could have a significant impact on the HRA in the medium term.

Policies and other considerations, as appropriate	
Council Priorities:	The medium term financial plans seek to understand the amount of resources available to the Council 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 plans set out in this report do not fully reflect the potential effort required to make the Council zero carbon by 2030. A £1 million reserve was created to fund initial works, of which £409,000 remains unallocated, but there is likely to be further financial resources required in the run up to 2030 to meet this target.
Consultation/Community Engagement:	Not applicable.
Risks:	As part of its Corporate Governance arrangements, the Council must ensure that Risk management is considered and satisfactorily covered in any report put before elected Members for a decision or action.
Officer Contact	Dan Bates 01530 454 707 Dan.bates@nwleicestershire.gov.uk

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 FEBRUARY 2022

Title of Report	**PRUDENTIAL INDICATORS AND TREASURY STRATEGIES 2022-23**	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Budget and Council Tax2021/22 – Council 23 February 2021 Investment Strategy – Service and Commercial2021/22 – Council 23 February 2021 Treasury Management Strategy Statement 2021/22 and PrudentialIndicators 2021/22-2023/34 – Council 23 February 2021 Draft Minutes – Corporate Scrutiny Committee 5 January 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	Although this is a finance report, there are no direct financial implications contained within this report. These are fully considered in the Budget and Council Tax 2022/23 report on the same agenda as this item. **Signed off by the Section 151 Officer**: Yes	
Legal Implications	There are no direct legal implications contained within this report. **Signed off by the Monitoring Officer**: Yes	
Staffing and Corporate Implications	**Signed off by the Head of Paid Service:** Yes	
Purpose of Report	For Cabinet to review the Prudential Indicators and Treasury Strategies 2022/23 and recommend to Council for approval.	
Reason for Decision	To meet the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Government.	
Recommendations	**THAT CABINET** **1. RECOMMEND THE FOLLOWING STRATEGIES TO COUNCIL FOR APPROVAL:**	

	• **CAPITAL STRATEGY 2022-23 (APPENDIX 1)** • **TREASURY MANAGEMENT STATEMENT (APPENDIX 2)** • **MINIMUM REVENUE PROVISION (MRP) STATEMENT 2022-23 (APPENDIX 3)** • **INVESTMENT STRATEGY 2022-23 (APPENDIX 4)** **2. DELEGATE AUTHORITY TO THE SECTION 151 OFFICER IN CONJUNCTION WITH THE CORPORATE PORTFOLIO HOLDER TO MAKE ADJUSTMENTS TO THE STRATEGIES TO REFLECT ANY CHANGES AGREED TO THE REVENUE AND CAPITAL BUDGETS BETWEEN THE DATE OF CABINET AND CONSIDERATION BY COUNCIL ON 24 FEBRUARY 2022.**

1.0 BACKGROUND

1.1 The Local Government Act 2002 and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice and to prepare, set and publish prudential indicators and treasury indicators that ensure the Council's capital expenditure plans are affordable, prudent and sustainable in the long- term.

1.2 The prudential indicators consider the affordability and impact of capital expenditure plans and set out the Council's overall capital framework. The prudential indicators summarise expected treasury activity, introduce limits upon that activity and reflect the underlying capital programme. As a consequence, a Treasury Management Strategy is prepared which considers the effective funding of the capital expenditure decisions and complements the prudential indicators.

1.3 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus moneys are invested in low risk counterparties commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The Council is required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby charges to revenue remain affordable within the projected income of the Council for the foreseeable future. These increases charges may arise from:

- increases in interest charges and debt repayment caused by increased borrowing to finance additional capital expenditure; and
- any increases in operational running costs from new capital projects.

1.4 Treasury Management is, therefore, an important part of the overall financial management of the Council's affairs and is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.5 Specific treasury indicators are prepared and included in the Treasury Management Strategy which requires Member approval.

1.6 The Council's treasury activities are strictly regulated by statutory requirements andguidance, including:
- CIPFA Prudential Code for Capital Finance in Local Government
- CIPFA Treasury Management Code of Practice
- MHCLG Investment Guidance
- MHCLG Minimum Revenue Provision (MRP) Guidance.

1.7 During 2021 CIPFA have undertaken consultations on revisions to both the Treasury Management Code and the Prudential Code and the revised codes were published in December 2021. The Strategies for approval have considered the requirements of the revised codes.

1.8 The Department for Levelling Up, Housing and Communities (DLUHC) published a consultation at the end of November on proposed changes to capital finance regulations in respect of Minimum Revenue Provision (MRP). The closing date for the consultation is the 8 February 2022, there are two main changes proposed to take effect from 2023/24. The two main changes are in relation to exclusion of certain assets from MRP and use of capital receipts. We are still assessing the impact of the changes but on initial review there does not appear to be any significant impact.

1.9 The Council's Constitution (via the Financial Procedure Rules) requires full Council to approve the Treasury Management Policy statement for the forthcoming year at or before the start of the year. The statement is proposed to the full Council by the Cabinet. The Head of Finance has delegated responsibility for implementing and monitoring the statement. The Head of Finance is responsible for reporting annually to the Cabinet on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. Reports on treasury management are also required by be adequately scrutinised and this role is undertaken by the Audit & Governance Committee.

2.0 PRUDENTIAL INDICATORS AND TREASURY STRATEGIES 2022/23

2.1 The following strategies are attached as appendices for Cabinet to recommend to Council on the 24 February for approval:
- Appendix 1 – Capital Strategy 2022/23 which includes the Prudential Indicators for 2022/23-2024/25;
- Appendix 2 – Treasury Management Strategy 2022/23 which includes the Treasury Indicators for 2022/23-2024/25;
- Appendix 3 – Minimum Revenue Provision (MRP) Statement 2022/23; and
- Appendix 4 – Investment Strategy 2022/23.

2.2 The above strategies were reported to Corporate Scrutiny on 5 January 2022 and a link to the draft minutes is included in the background papers. The values within the strategies have been updated to reflect revisions to the revenue and capital budgets.

2.3 If any changes to the Revenue and Capital Budgets are agreed between the date of the Cabinet meeting and when Council meets to consider the budgets on the 24 February, the strategies documented in Appendices 1-4 will require updating to reflect these changes. All changes to the budgets that impact on the strategies will be agreed with the Section 151 Officer in conjunction with the Corporate Portfolio Holder.

Policies and other considerations, as appropriate	
Council Priorities:	The Treasury Strategies and Prudential Indicators help the Council achieve all its properties.
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 2022 Cabinet – 1 February 2022
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	Dan Bates Head of Finance and Section 151 Officer dan.bates@nwleicestershire.gov.uk

Appendix 1

Capital Strategy Report 2022/23

1. Introduction

1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

2. Capital Expenditure and Financing

2.1 Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

2.2 For details of the Authority's policy on capitalisation, please refer to the Accounting Policies within the Statement of Accounts.

2.3 In 2022/23, the Authority is planning capital expenditure of £25.8 million as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2020/21 actual	2021/22* forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund services	10.2	21.3	10.8	3.0	1.3
Council housing (HRA)	6.7	15.1	15.0	15.6	12.2
TOTAL	**16.9**	**36.4**	**25.8**	**18.6**	**13.5**

*2021/22 forecast figures include budgeted spend that is expected to be carried forward into the next financial year

2.4 The main General Fund capital projects include the new Coalville and Whitwick Leisure Centre, the regeneration of Coalville and fleet replacement programme.

2.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of 77 new homes over the forecast period.

2.6 **Governance**: Service managers bid annually in October to include projects in the Authority's capital programme. Bids are collated by finance who calculate the financing cost (which can be nil if the project is fully externally financed). The finance team appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to the Corporate Leadership Team (CLT). The final capital programme is then presented to Cabinet and Council in February each year.

2.7 For full details of the Authority's capital programme, please see the Budget and Council Tax 2022/23 Report.

2.8 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2020/21 actual £,000	2021/22 forecast* £,000	2022/23 budget £,000	2023/24 budget £,000	2024/25 budget £,000
General Fund					
Capital Receipts	8	2,830	0	0	0
Government Grants	716	670	670	670	670
Grants	80	0	0	0	0
Reserves	719	2,116	36	2	0
S106 Contributions	0	0	0	0	0
Revenue Contributions	89	62	22	0	0
Leasing/Unsupported Borrowing	8,600	15,609	10,117	2,341	619
General Fund Total	**10,212**	**21,287**	**10,845**	**3,013**	**1,289**
Housing Revenue Account					
Capital Receipts	3,286	2,961	2,471	2,670	2,257
Government Grants	183	459	208	207	207
Reserves	2,253	7,780	8,581	5,186	3,195
S106 Contributions	6	271	219	601	12
Revenue Contributions	934	3,650	3,550	4,250	4,364
External Borrowing	0	0	0	2,700	2,200
HRA Total	**6,662**	**15,121**	**15,029**	**15,614**	**12,235**
TOTAL	**16,874**	**36,408**	**25,874**	**18,627**	**13,524**

*2021/22 forecast figures include funding that is expected to be carried forward into the next financial year.

2.9 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP)/loan fund repayments. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP/loan fund repayments and use of capital receipts are as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2020/21 actual £,000	**2021/22 forecast £,000**	**2022/23 budget £,000**	**2023/24 budget £,000**	**2024/25 budget £,000**
Capital resources	3,294	5,791	2,471	2,670	2,257
Revenue resources	1,869	15,142	2,483	3,317	3,630
TOTAL	**5,163**	**20,933**	**4,954**	**5,987**	**5,887**

2.10 The Authority's full minimum revenue provision statement is available as part of the Prudential Indicators and Treasury Strategies 2022/23 Report.

2.11 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase by £10.4 million during 2022/23. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2021 actual	**31.3.2022 forecast**	**31.3.2023 budget**	**31.3.2024 budget**	**31.3.2025 budget**
General Fund services	25.2	37.1	48.7	49.0	47.2
Council housing (HRA)	70.6	56.4	55.2	56.7	57.6
TOTAL CFR	**95.8**	**93.5**	**103.9**	**105.7**	**104.8**

2.12 **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The Authority's asset management strategy can be read on the council's website.

2.14 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £4.1 million of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2020/21 actual	**2021/22 forecast**	**2022/23 budget**	**2023/24 budget**	**2024/25 budget**
Asset sales	2.6	3.5	4.1	4.1	2.9
Loans etc repaid	0	0	0	0	0
TOTAL	**2.6**	**3.5**	**4.1**	**4.1**	**2.9**

3. Treasury Management

3.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

3.2 Due to decisions taken in the past, the Authority currently (as at 31.12.21) has £78.5 million borrowing at an average interest rate of 3.4% and £60.5 million treasury investments at an average rate of 0.04%.

3.3 **Borrowing strategy:** The Authority's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

3.4 Projected levels of the Authority's total outstanding debt (which comprises borrowing, and transferred debt) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Debt (incl. PFI & leases)	79.0	64.9	70.6	69.6	75.8
Capital Financing Requirement	95.8	93.5	103.9	105.7	104.8

3.5 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

3.6 **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10 million at each year-end. This benchmark is currently £59.8 million and is forecast to rise to £86.4 million over the next three years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Outstanding borrowing	79.0	64.9	62.6	59.9	58.6
Liability benchmark	41.5	59.8	74.2	81.9	86.4

3.7 The table shows that the Authority expects to remain borrowed above its liability benchmark in 2022/23. From 2022/23, the outstanding borrowing falls below the liability benchmark as we are expecting that we will need to undertake new borrowing to cover the capital programmes for both General Fund and HRA.

3.8 **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
Authorised limit – total external debt	89.0	82.9	82.3	87.1
Operational boundary – total external debt	79.0	72.9	72.3	77.1

3.9 Further details on borrowing can be found in the treasury management strategy.

3.10 **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.11 The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments in £millions

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Near-term investments	50.3	5.0	5.0	5.0	5.0
Longer-term investments	0	14.0	5.0	5.0	5.0
TOTAL	**50.3**	**19.0**	**10.0**	**10.0**	**10.0**

3.12 Further details on treasury investments are available in the of treasury management strategy.

3.13 **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

3.14 The treasury management prudential indicators are included in the treasury management strategy.

3.15 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to the Audit Committee who are responsible for scrutinising treasury management decisions.

4. Investments for Service Purposes

4.1 The Authority can make investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth, the Authority's subsidiaries that provide services]. In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to generate a profit after all costs.

4.2 The Authority does not currently have any investments for service purposes.

4.3 **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

4.4.1 Further details on service investments are in available in the Investment Strategy.

5 Commercial Activities

5.1 At present, the Authority does not have any plans to investment in commercial activities purely for financial gain. If the Authority's plans change in this respect, this policy will be revised and approval sought from Full Council before proceeding with any activity. Further details on the Authority's approach to Commercial Activities can be found in the Commercial Strategy.

6 Liabilities

6.1 In addition to debt of £64.9 million detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £65.5 million at 31/03/21). It has also set aside £2 million to cover risks of Business Rates valuation appeals.

6.2 **Governance:** Decisions on incurring new discretional liabilities are taken by the relevant Head of Service in consultation with Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Team and reported to committee annually. New liabilities exceeding £1 million are reported to full council for approval/notification as appropriate.

7. Revenue Budget Implications

7.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£m)	1.22	1.43	1.77	2.64	2.89
Proportion of net revenue stream	6.9%	8.45%	10.52%	14.21%	15.52%

7.2 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because the authority maintains processes to ensure that all capital expenditure is subject to adequate financial planning with all revenue implications being accounted for in the annual budget process.

8. Knowledge and Skills

8.1 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Section 151 and Finance Team Manager and Deputy Section 151 Officer are both qualified accountants and the Head of Property Services and Economic Regeneration is a qualified surveyor. The Authority pays for junior staff to study towards relevant professional qualifications including Charted Institute of Public Finance and Accountancy (CIPFA), Association of Accounting Technicians (AAT) and Royal Institute of Chartered Surveyors (RICS).

8.2 Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers, and Wilks, Head and Eve as valuation consultants. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

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Appendix 2

Treasury Management Strategy Statement 2022/23

1. Introduction

1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

1.2 Treasury risk management at North West Leicestershire District Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.3 Investments held for service purposes or for commercial profit are considered in a separate strategy – 'Investment Strategy 2022-23'.

2. External Context *(as at 17/12/21)*

2.1 **Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

2.2 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

2.3 Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

2.4 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

2.5 In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

2.6 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

2.7 GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

2.8 The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

2.9 **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

2.10 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

2.11 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

2.12 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

2.13 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

2.14 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

2.15 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

2.16 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.05%, and that new long-term loans will be borrowed at an average rate of 1.61%.

3. Local Context

3.1 On 31/12/2021, the Authority held £78.5 million of borrowing and £60.5 million of treasury investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
General Fund CFR	25.2	37.1	48.7	49.0	47.2
HRA CFR	70.6	56.4	55.2	56.7	57.6
Total CFR	**95.8**	**93.5**	**103.9**	**105.7**	**104.8**
Less: External borrowing *	-79.0	-64.9	-62.6	-59.9	-58.6
Internal (over) borrowing	**16.8**	**28.6**	**41.3**	**45.8**	**46.2**
Less: Balance sheet resources	-64.2	-43.6	-39.7	-33.7	-28.4
Treasury investments (or New borrowing)	**47.4**	**15.0**	**-1.6**	**-12.1**	**-17.8**

* shows only loans to which the Authority is committed and excludes optional refinancing

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3 The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £31.5 million over the forecast period.

3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2022/23.

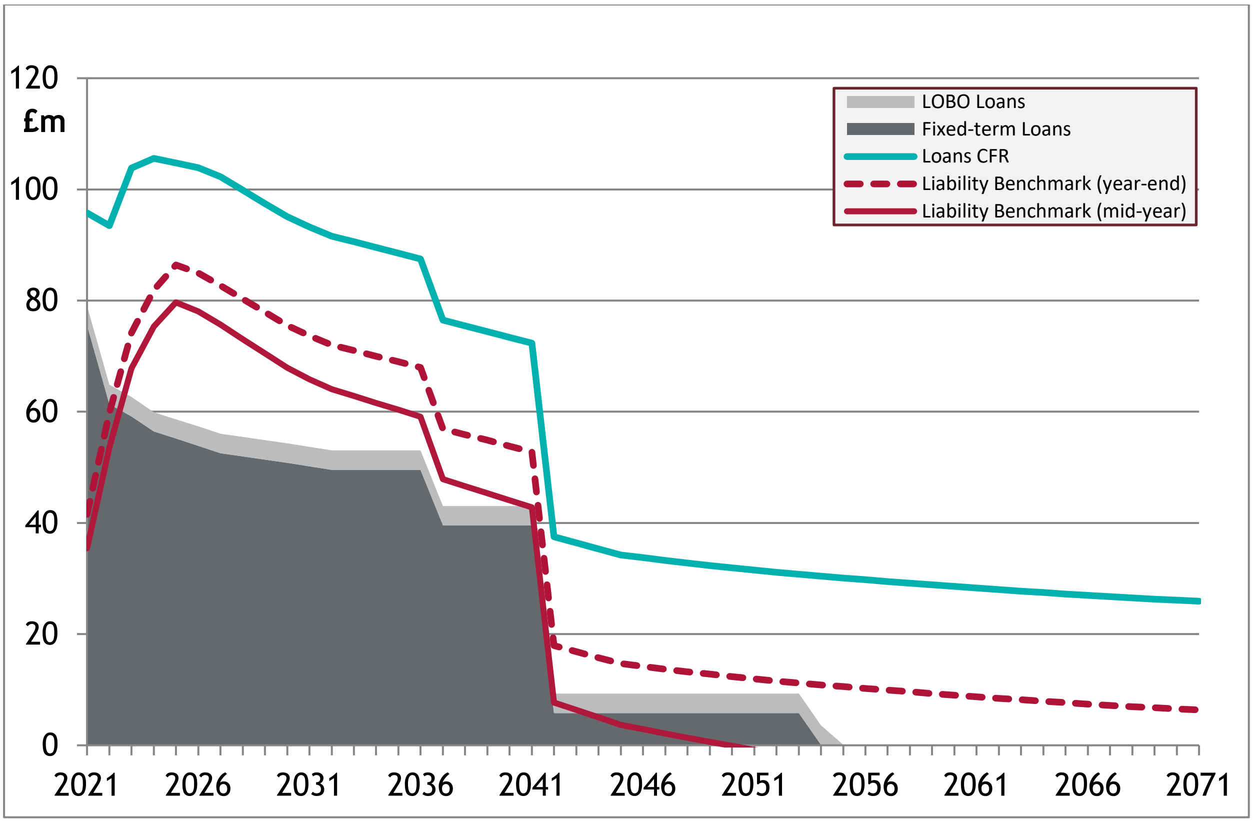
3.5 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
CFR	95.8	93.5	103.9	105.7	104.8
Less: Balance sheet resources	-64.2	-43.6	-39.7	-33.7	-28.4
Net loans requirement	**31.6**	**49.9**	**64.2**	**72.0**	**76.4**
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	**41.6**	**59.9**	**74.2**	**82.0**	**86.4**

3.6 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £500,000 a year, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below:

Chart 1: Liability Benchmark



3.7 The liability benchmark chart above shows that the Authority has a short need for borrowing for approximately 20 years and then we return to an investment position, based on the current capital programme.

4. Borrowing Strategy

4.1 As at the 31 Match, the Authority expects to hold £64.9 million of loans, a decrease of £14.2 million on the previous year, as part of its 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 table 1 shows that the Authority may need to borrow short term in 2022/23 to maintain its MIFID status which requires a minimum investment balance of £10 million at any one time.

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

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

4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and 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 Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.5 The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

4.6 Alternatively, the Authority may arrange forward starting loans, 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.

4.7 The Authority may borrow short-term loans to cover unplanned cash flow shortages.

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- 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 Leicestershire County Council Pension Fund)

- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

4.9 **Other sources of debt finance:** In addition, capital finance may 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

4.10 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is 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.

4.11 **LOBOs:** The Authority holds £3.5 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. Our LOBO has options during 2022/23, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £3.5 million.

4.12 **Short-term and variable rate loans**: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

4.13 **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 Authority 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.

5 Treasury Investment Strategy

5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the start of the financial year the Authority's treasury investment balance has ranged between £49.1 million and £66.0 million. Next year we are expecting much lower balances in part due to the repayment of PWLB loans and negative cashflow amounts. We are anticipating a high of £24.3 million dropping to a low of £10.0 million.

5.2 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority 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.

5.3 **Negative interest rates:** 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 to 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.

5.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for the estimated £5 million that is available for longer-term investment. All of the Authority's surplus cash is currently invested in Local Authorities, Central Government Deposits, short-term unsecured bank deposits, and money market funds. This diversification will represent a change in strategy over the coming year.

5.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments *	25 years	£5m	Unlimited
Banks (unsecured) *	13 months	£2.5m	Unlimited
Building societies (unsecured) *	13 months	£2.5m	£5m
Registered providers (unsecured) *	5 years	£2.5m	£12.5m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£5m	£12.5m
Other investments *	5 years	£2.5m	£5m

This table must be read in conjunction with the notes below.

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.

5.7 For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5 million per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

5.8 **Government:** Loans to, and 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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years. Investments made with Local authorities will be put through a vetting procedure in which approval must be obtained by the Head of Finance or in their absence the deputy S151 officer. Although there are minimal financial risks involved in this investment type there may be a reputational risk incurred if we are found to have been investing with a financially unstable authority.

5.9 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

5.10 **Banks and building societies (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. See below for arrangements relating to operational bank accounts.

5.11 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

5.12 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

5.13 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

5.14 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs 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.

5.15 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

5.16 **Operational bank accounts:** The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2.5 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

5.17 **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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.

5.18 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") 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.

5.19 **Other information on the security of investments**: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority'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.

5.20 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 Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

5.21 **Investment limits**: The Authority's revenue reserves available to cover investment losses are forecast to be £24.9 million on 31st March 2022. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.22 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £2.5 million in operational bank accounts count against the relevant investment limits.

5.23 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£12.5m per manager
Negotiable instruments held in a broker's nominee account	£12.5m per broker

5.24 **Liquidity management**: The Authority uses a purpose-built excel cashflow system to determine the maximum period for which funds may prudently be committed. This sheet is monitored and updated daily and is used to determine the maximum period for which funds may be prudently committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

5.25 The Authority will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6. Treasury Management Indicators

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

6.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. Our latest benchmarking information shows that we have obtained a score of 4.48 which Is classed as a rating of A+. The below target represents the minimum level to which we would be prepared to go.

Credit risk indicator	Target
Portfolio average credit Score	A-

6.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2.5m

6.4 **Interest rate exposures**: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	-£200,000

6.5 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	90%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.6 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£10m	£10m	£10m

7. Related Matters

7.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.

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

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

7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

7.5 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.

7.6 **Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured daily and interest transferred at year end between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

7.6 **External Funds:** The Authority manages S106 funds. These funds contribute towards the investment balances. Therefore, interest earnt on S106 balances are repaid too the S106 fund. The value of the S106 funds as at 19/11/2021 equals £8.2 million. Reducing our overall interest earnt forecast by an estimated £4,200.

7.7 **Markets in Financial Instruments Directive**: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks and brokers allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

8. Financial Implications

8.1 The budget for investment income in 2022/23 is £7,200 based on an average investment portfolio of £14.9 million at an interest rate of 0.05%. As discussed above, £4,200 of that will be reattributed to the S106 fund leaving us with an interest return of £3,000. The budget for debt interest paid in 2022/23 is £2.3 million, based on an average debt portfolio of £64.9 million at an average interest rate of 3.53%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

8.2 Where investment income exceeds budget due to investing in higher risk investments e.g. from higher risk investments including pooled funds then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

9. Other Options Considered

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A

Arlingclose Economic & Interest Rate Forecast – December 2021

Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market ra													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B

Existing Investment & Debt Portfolio Position

	31/12/2021 Actual portfolio £'m	31/12/2021 Average rate %
External borrowing:		
Public Works Loan Board	69.94	3.19%
Local authorities	1.00	6.88%
LOBO loans from banks	3.50	4.80%
Other loans	4.02	4.72%
Total external borrowing	**78.46**	**3.39%**
Treasury investments:		
The UK Government	18.50	0.04%
Local authorities	19.00	0.06%
Other government entities	0.00	0.00%
Secured investments	0.00	0.00%
Banks (unsecured)	**5.00**	0.07%
Building societies (unsecured)	0.00	0.00%
Registered providers (unsecured)	0.00	0.00%
Money market funds	18.00	0.01%
Strategic pooled funds - *split into several rows where appropriate*	0.00	0.00%
Real estate investment trusts	0.00	0.00%
Other investments	0.00	0.00%
Total treasury investments	**60.50**	**0.04%**
Net debt	**17.96**	**3.35%**

Appendix 3

Minimum Revenue Provision Statement 2022/23

1. Annual Minimum Revenue Provision Statement 2022/23

1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

1.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either 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.

1.3 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

- For capital expenditure incurred before 1st April 2008 MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £606,250.49.

- For capital expenditure incurred before 1st April 2019 and for supported capital expenditure incurred on or after that date, MRP will be determined as 4% of the capital financing requirement in respect of that expenditure.

- For unsupported capital expenditure incurred after 31st March 2019, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For transferred debt from Hinckley and Bosworth Borough Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

- No MRP will be charged in respect of assets held within the Housing Revenue Account.

- MRP in respect of the £80 million payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.

1.4 Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

1.5 Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2022, the budget for MRP has been set as follows:

	31.03.2022 Estimated CFR £m	**2022/23 Estimated MRP £**
Capital expenditure before 01.04.2008	7.3	329,629
Supported capital expenditure after 31.03.2008	0	0
Unsupported capital expenditure after 31.03.2008	29.8	946,633
Voluntary overpayment (or use of prior year overpayments)	n/a	n/a
Total General Fund	**37.1**	**1,276,262**
Assets in the Housing Revenue Account	**3.3**	0
HRA subsidy reform payment	**53.1**	1,206, 414
Total Housing Revenue Account	**56.4**	**1,206,414**
Total	**93.5**	**2,482,676**

Investment Strategy 2022/23

1. Introduction

1.1 The Authority invests its money for three broad purposes:

- 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**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

1.2 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

2. Treasury Management Investments

2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £10 million and £15 million during the 2022/23 financial year.

2.2 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

2.3 **Further details:** Full details of the Authority’s policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy.

3. Service Investments: Loans

3.1 **Contribution:** The Council does not currently, but may in the future, lend money to various organisations including its subsidiaries or trading companies, suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

3,2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	10,000,000
Trading Companies	Nil	Nil	Nil	500,000
Suppliers	Nil	Nil	Nil	100,000
Parish councils	Nil	Nil	Nil	2,000,000
Local businesses	Nil	Nil	Nil	2,000,000
Local charities	Nil	Nil	Nil	100,000
Housing associations	Nil	Nil	Nil	3,000,000
TOTAL	**Nil**	**Nil**	**Nil**	**17,700,000**

3.3 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

3.4 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans 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 undertaking regular reviews of counterparties for credit risk.

4. Service Investments: Shares

4.1 **Contribution:** The Council does not currently, but may in the future, invest in the shares of its subsidiaries or trading companies, its suppliers, and local businesses to support local public services and stimulate local economic growth.

4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2021 actual			2022/23
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	Nil	Nil	Nil	5,000,000
Trading Companies	Nil	Nil	Nil	1,000,000
Suppliers	Nil	Nil	Nil	Nil
Local businesses	Nil	Nil	Nil	Nil
TOTAL	**Nil**	**Nil**	**Nil**	**6,000,000**

4.3 **Risk assessment:** The Authority assesses the risk of loss 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 **Liquidity:** 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 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

5.1 **Contribution:** The Ministry for Housing, Communities and Local Government (MHCLG) defined 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.

Table 3: Property held for investment purposes in £ millions

Property	31.3.2021 actual		31.3.2022 expected	
	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Industrial Units	106,000	6,373,700	TBC	TBC
Market Hall	(1,245,600)	185,100	TBC	TBC

Whitwick Business Centre	21,300	1,850,000	TBC	TBC
Land	38,900	5,403,300	TBC	TBC
TOTAL	**1,079,400**	**13,812,100**	TBC	TBC

5.2 **Security:** In accordance with government guidance, the Authority 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 Final Accounts year-end process.

- Where the value in the 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 the value in the accounts is below the purchase cost: the investment property portfolio is no longer sufficient to provide security against loss.

5.2 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by:

- 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.

5.3 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority has minimised this risk by holding a minimal investment portfolio.

6. Proportionality

6.1 The Authority is not dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan.

Table 4: Proportionality of Investments

	2020/21 Actual £'000	2021/22 Forecast £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000
Investment income	(662)	(770)	(859)	(865)	(868)
Net Revenue expenditure	17,604	16,944	16,705	18,555	18,591
Proportion	4%	5%	5%	5%	5%

7. 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 does not have any plans to borrowing in advance of need in 2022/23.

8. Capacity, Skills and Culture

8.1 **Elected members and statutory officers:** The Council recognises the importance of ensuring that all Elected Members and Officers involved in investment decisions are fully equipped to undertake the duties and responsibilities allocated to them and have the appropriate capacity, skills and information to enable them to make informed decisions e.g. as to whether to enter into a specific investment. There is a requirement to understand:

- the context of the Council's corporate objectives;
- the Council's risk appetite and risk assessment framework;
- the Prudential Framework;
- the regulatory regime within local authorities operate.

8.2 The Authority will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The following measures are in place:

- Identification of officer training needs on commercial investment related issues through the reflection process;
- Attendance at relevant training events, seminars and workshops; and
- Support from the Authority's treasury management advisors, Arlingclose.

8.3 Elected members' training needs are assessed through the Member Development Group. The Council will also specifically address this important issue by:

- Periodically facilitating workshops or other training for members on commercial investment issues; and
- Interim reporting and advice to members.

8.4 Where necessary the Authority will engage external advisers for investment advice, property surveys and due diligence checks. The cost of any such advice will be taken into account when developing business cases and when assessing the overall viability of projects.

8.5 **Commercial deals:** The Council has a decision-making framework which is aligns to the requirements of the Statutory Guidance relating to Local Authority Investments. A Commercial Board would be constituted if the requirement arises. The Commercial Board will consider any future commercial opportunities. The guiding principles that will be used will require future commercial projects to:

- meet the council's corporate priorities;
- deliver community benefit
- require minimum investment for maximum return;

- be primarily within the District boundaries, consideration will be given to opportunities outside these boundaries if the benefit to the Council or North West Leicestershire is significant;
- grow the business base;
- deliver a diversified portfolio of projects that balance risk and return.

8.6 The Commercial Board will assess future commercial investment against the Investment Strategy. All investments will be subject to rigorous scrutiny and successful schemes will result in the provision of a report to Council for approval. Schemes will be considered for investment against the following criteria;

i. Economic Impact – in particular; jobs, business growth and new housing;
ii. Impact on Market Towns – in terms of vibrancy, footfall and heritage;
iii. Financial Implications – value for money, affordability and return of investment; and
iv. Deliverability – the ability to deliver the proposals and the associated risks.

8.7 Successful applications will require appropriate legal agreements in accordance including the provision of appropriate security where required.

8.8 **Corporate governance:** It is important that the Authority has sound arrangements in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's values. In terms of governance, the Commercial Board will consider all new commercial investment proposals. The Commercial Board may determine an application under delegated powers or may recommend a project to Council for approval. Full Council is responsible for the approval of the Investment Strategy and for monitoring performance against it.

9.9 The Council's values include transparency in decision-making. To facilitate that, the following arrangements are in place:

- This Corporate Investment Strategy will be made available on the Council's website;
- Meetings of the Full Council will be open to the public and the agendas and minutes from such meetings will be shown on the Authority's website.

9. Investment Indicators

9.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

9.2 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	**31.03.2021 Actual**	**31.03.2022 Forecast**	**31.03.2023 Forecast**
Treasury management investments	47.5	19.0	10.0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	13.8	13.8	13.8
TOTAL INVESTMENTS	**61.3**	**32.8**	**23.8**
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	**0**	**0**	**0**

9.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	**31.03.2021 Actual**	**31.03.2022 Forecast**	**31.03.2023 Forecast**
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	8.4	8.4	8.4
TOTAL FUNDED BY BORROWING	**8.4**	**8.4**	**8.4**

9.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	**2020/21 Actual £'000**	**2021/22 Forecast £'000**	**2022/23 Forecast £'000**
Treasury management investments	0.30%	0.05%	0.50%
Service investments: Loans	n/a	n/a	n/a
Service investments: Shares	n/a	n/a	n/a
Commercial investments: Property	1.42%	1.75%	2.66%
ALL INVESTMENTS	**0.90%**	**0.90%**	**1.60%**

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 FEBRUARY 2022

<table>
<tr><td>Title of Report</td><td colspan="2">NORTH WEST LEICESTERSHIRE VISITOR ECONOMY PLAN</td></tr>
<tr><td>Presented by</td><td colspan="2">Councillor Tony Gillard
Business And Regeneration Portfolio Holder</td></tr>
<tr><td rowspan="2">Background Papers</td><td rowspan="2">1) Leicester And Leicestershire Tourism Growth Plan 2019

2) NWL Draft Tourism Strategy Scrutiny Report 20th November 2019

3) Appendix to NWL Draft Tourism Strategy Scrutiny Report 20th November 2019

4) STEAM Report for NWL 2009 to 2020

5) NWL Review Of Cultural Services 2021 – Fathom Consulting

6) North West Leicestershire Visitor Economy Plan – Paper to Corporate Scrutiny Committee 5th January 2022.

7) Minutes Of Corporate Scrutiny Meeting 5th January 2022</td><td>Public Report: Yes</td></tr>
<tr><td>Key Decision: No</td></tr>
<tr><td rowspan="2">Financial Implications</td><td colspan="2">The proposals can be delivered within existing allocated resource.</td></tr>
<tr><td colspan="2">Signed off by the Section 151 Officer: Yes/No</td></tr>
<tr><td rowspan="2">Legal Implications</td><td colspan="2">Tourism and Visitor Economy Activities are a discretionary function</td></tr>
<tr><td colspan="2">Signed off by the Monitoring Officer: Yes</td></tr>
<tr><td rowspan="2">Staffing and Corporate Implications</td><td colspan="2">All staffing implications will be dealt with under the authority of the Head of Paid Service and in line with the Employment Stability Policy.</td></tr>
<tr><td colspan="2">Signed off by the Head of Paid Service: Yes/No</td></tr>
<tr><td>Purpose of Report</td><td colspan="2">To seek reaffirmation of the council’s desire to grow the North West Leicestershire Visitor Economy sector.
To present evidence of how businesses, partners and stakeholders in the district’s visitor economy sector would like</td></tr>
</table>

	NWLDC to support them to achieve sector growth. **To propose four new priority activities to be delivered by NWLDC's Cultural Services Team which will boost sector growth** **To identify existing activities that will need to be delivered in alternative ways in order to provide the capacity to deliver the new priority activities**
Reason for Decision	*The Council Delivery Plan sets out clear targets for the visitor economy. Current performance Statistics gathered in the NWL STEAM report indicate that we are unlikely to achieve the targets set. Remedial action is required.*
Recommendations	**1) THAT CABINET REAFFIRM THE NEED TO DELIVER MORE IMPACTFUL SUPPORT TO THE DISTRICT'S VISITOR ECONOMY.** **2) THAT THE FOUR PRIORITY ACTIVITIES SET OUT IN THIS REPORT BE ADOPTED AS THE CORE OF THE COUNCIL'S VISITOR ECONOMY WORK PLAN.** **3) THAT CABINET CONFIRM SUPPORT FOR OPTION ONE AS SET OUT IN APPENDIX 1 AS THE PREFERRED MODEL FOR THE FUTURE PROVISION OF TIC SERVICES IN ASHBY AND GRANT DELEGATED POWERS TO THE STRATEGIC DIRECTOR FOR PLACE (IN CONSULTATION WITH THE PORTFOLIOHOLDER FOR BUSINESS AND REGENERATION) TO AGREE TERMS FOR THE FUTURE OPERATION.**

1.0 BACKGROUND

1.1 This Local Authority has a proud tradition of supporting tourism in the district, which stretches back more than 25 years and includes being instrumental in the development of attractions of regional importance such as Conkers, Moira Furnace, Snibston Pitheads and Ashby Canal.

1.2 Support to the tourism industry (now usually referred to as the Visitor Economy) is delivered by the council's Cultural Services Team. Annual expenditure on this activity by the council is £367,000 net and includes staff costs, expenses associated with operating the Tourist Information Centre (TIC) cost of running events and grants and support to third party organisations such as the National Forest.

1.3 Following the publication of a 2019 report entitled "Leicester and Leicestershire Tourism Growth Plan" this council has committed to growing the North West Leicestershire visitor economy setting a series of targets in the Council Delivery Plan, namely to:

- Develop our "visitor economy" offer to encourage dwell time, local spend and investment in new and improved attractions.

- Increase the number of jobs in the tourism sector in the District by 2% per annum.

- Increase annual visitor spend by 2% per annum

- Increase the number of overnight stays in NWL year on year by 2%

1.4 Delivery against these targets is monitored and data collected through the annual STEAM Report for North West Leicestershire. This is then used as evidence of performance. Evidence gathered over the three years prior to the Covid Pandemic (which is seen as an anomalous year) indicates a gradual decline in the growth of our visitor economy sector. There is therefore a need to review our interventions and if necessary propose a new plan of activities.

1.5 The visitor economy services that have traditionally been delivered by this council can be summarised as:

- To promote our attractions and events to our residents and their visitors, with only very limited efforts to promote beyond our district borders.
- To provide some support to a few of our attractions to grow by providing small amounts of core funding to the operators.
- To organise and run "events" which provide something to do for local residents.
- To provide grants to support arts organisations to overcome operational deficits.
- To provide a small amount of advice to start up visitor economy businesses

1.6 The 2019 "Leicester and Leicestershire Tourism Growth Plan" by LPL set out ambitions to boost growth of the Leicestershire Visitor Economy sector and bring greater wealth and prosperity across the county.

1.7 Alongside the other district, borough and city councils in Leicestershire, NWLDC commissioned a report from LPL to follow on from the Leicester and Leicestershire Tourism Growth Plan. This report specifically examined tourism growth potential in North West Leicestershire and formed the basis of a paper to Community Scrutiny Committee on 20th November 2019 in the form of a draft tourism strategy.

1.8 This draft strategy was supported by the committee, but it was recognised that further work was required with our sector partners and stakeholders to understand what it would mean for the day to day Cultural Services activities the council would undertake. Fathom Consulting were commissioned to undertake this further stakeholder engagement work.

1.9 Unfortunately, meaningful contact with stakeholder businesses and organisations was frustrated throughout 2020 and through into early 2021 by the Covid pandemic. Many tourism businesses had all staff furloughed and were in effect "hibernating" making it impossible for our consultants to speak with them and gain views.

1.10 Ultimately our consultants were able to contact around half the stakeholders they attempted to reach. Those that did engage with the exercise, did so fully and provided substantive answers to the questions posed. This enabled the consultants to cross reference responses and pull out commonly held key themes, messages or opinions.

1.11 Fathom's draft report was received in summer 2021. Given the difficulties that had been experienced in contacting stakeholders during the engagement exercise, a suitable pause was left before the final version of the report was published in December 2021. This allowed some further useful intelligence to be gathered through dialogue with businesses, for inclusion in the final iteration.

1.12 The findings contained within the Fathom Consulting report both at the initial report stage and following further stakeholder input to the final draft demonstrate that there is strong agreement with the earlier conclusions of the 2019 report by LPL. As a high-level summary what Visitor Economy stakeholders want from NWLDC is strategic Leadership and the delivery of a small number of important growth enablers.

1.13 There is a clear Golden Thread that runs from the Leicester and Leicestershire Tourism Growth Plan to the NWL specific version of this document and then through to the conclusions of the Fathom consulting report and links to the Tourism and visitor economy outputs set in the Councils delivery plan. Officers have used this information to develop four priority activities that the council needs to deliver if the potential sector growth highlighted in the Leicester and Leicestershire Tourism Growth Plan is to be unlocked in NWL and our Council Delivery Plan Targets delivered. The specific activity priorities are set out in more detail in section 2 of this report

1.14 A paper entitled "NW Leicestershire Visitor Economy Plan" which set out the proposed visitor economy priority activities for this council was presented to Corporate Scrutiny Committee on 5th January. There was broad support for the priorities set out in that report and a recognition that delivery would require some choices to be made with regard to allocation of resources. Further narrative on this is provided in section 3 of this report.

2.0 PROPOSED PRIORITY ACTIVITIES

2.2 Flowing initially from the Leicester and Leicestershire Tourism Growth Plan and feeding into the Draft Tourism Strategy document, supported by Community Scrutiny Committee in November 2019 and further built upon through the work of Fathom Consulting, it is proposed that the work of the council's Cultural Services Team in future should concentrate on the following four priorities as an activity plan.

Priority One

Provide leadership for the local visitor economy by championing it at the regional level and joining with neighbouring districts to raise opportunities and issues at the national level.

Stakeholders indicated that there was little awareness of what our visitor economy offer was as part of the Leicestershire, East Midlands or national tourism offer. NWLDC have the connections to positively address this and prioritisation of resource on defining "Our Place" along with the other actions below would be welcomed.

Priority Two

Increase the amount of officer time invested in working with local attractions and tourism businesses to create a better connected and more knowledgeable network.

The goal would be to establish and sustain a collective of visitor economy businesses which can signpost and cross sell. Ultimately it would be hoped that by working together some natural "packaging" would occur which would lead to an increased length of visitor stay and increased spend locally. As an example, there is strong evidence that at present our visitors come for one attraction and then go home again afterwards. Where the attraction visited has a long dwell time (i.e. a full day attraction) this isn't an issue as ancillary spend on food etc. will be high. However, most of our attractions currently have a dwell time of less than half a day and therefore there is often a failure to capture that ancillary spend. Packaging of attractions e.g. visiting Moira Furnace in the morning and then popping into Ashby for lunch before visiting the castle in the afternoon would deliver a longer stay and increased local spend.

Priority Three

Prioritise resource on working with stakeholders and delivering projects which create the infrastructure and attractions to support a greater number of visitors, staying longer.

North West Leicestershire has a number of quality attractions within its borders however, with the exception of Donington Race Circuit and Conkers, none offer the breadth of things to do to retain visitors for more than half a day and many have relatively low visitor capacity.

The greatest financial benefit to the local economy comes from visits which involve an overnight stay (as a result of spend on meals and accommodation), full day stays bring the next level of benefit (spend on lunches) with half day stays being least positive. Through the recent engagement exercise those stakeholders who operated attractions expressed a desire to grow their attractions to accommodate more people staying longer but pointed to a number of barriers such as lack of supporting infrastructure (particularly a lack of places to stay overnight) and lack of access to finance. NWLDC was viewed by stakeholders as "best placed" to address this by providing support to access grant funding e.g. from LLEP and through its inward investment promotion activity which was seen as a way of bringing new investment into attractions and infrastructure.

Priority Four

Lead the promotion of North West Leicestershire as a place to visit to an audience beyond our district borders, particularly by use of digital marketing channels.

We can only expect our visitor economy businesses to grow and create more wealth and employment if their customer base grows. At present there is little awareness (beyond North West Leicestershire) of North West Leicestershire or its offer and this keeps our customer base small. Resetting the balance between inward and outward focussed marketing activities would provide us with the means to attract visitors from a wider catchment area bringing new spend into the district.

3.0 Resource Implications

3.1 It is recognised that in the current financial climate the challenge to officers is to deliver the new priority activities within currently allocated resources. It is believed that this can be achieved if some existing activities are stopped, reduced, done differently or combined with other similar activities (remove partial duplication or gain efficiencies from scale).

3.2 Officers have examined in detail the current activities undertaken by the Cultural Services Team to examine where either expenditure reductions or officer time savings can be found. We have particularly looked for:

- Those current activities that have overlap with and could be delivered alongside other council services.
- Those current activities that could be delivered though a different means.
- Those current activities that only make a marginal contribution to performance targets.
- Those current activities which are not valued by our businesses, partners or stakeholders within the sector.

3.3 It is recommended that to create capacity to deliver new Visitor Economy Activity Plan actions the following be supported:

- The responsibility for supporting new start up businesses operating within the visitor economy sector is passed to the Economic Regeneration Team who currently fulfil this function for new start businesses in all other sectors.
- That the council becomes a commissioner rather than deliverer of events.
- That visitor economy promotional activity moves towards a more digital offer using messages that are relevant to both intra and extra – district audiences, with Cultural services offices being supported by the Corporate Communications team.
- That the Council reviews the way in which it provides a Tourist Information Facility in Ashby seeking if possible, to reduce resource input by working with others. See Options proposals set out in Appendix 1.

3.4 It should be noted that recommending closure of the TIC was considered by officers, but following receipt of a public petition against this and after testing the idea at Scrutiny Committee on 5th January (where members expressed a desire to retain the TIC facility) this is no longer being proposed.

3.5 This paper to Cabinet has been amended to reflect the view provided by Scrutiny Committee that they wished for a series of options (to retain the TIC facility) to be presented to Cabinet for consideration.

3.6 Appendix 1 to this report sets out the options appraisal for the future of the TIC and articulates a preferred way forward. Delegated power to continue to develop that option is sought as part of this report (Recommendation 3).

4.0 CORPORATE SCRUTINY COMMITTEE COMMENTS

4.1 The minutes of the Corporate Scrutiny Committee as they apply to this item are reproduced below.

42. NORTH WEST LEICESTERSHIRE VISITOR ECONOMY PLAN

The Head of Property and Regeneration presented the report to Members.

The reporting timeline for the item was questioned as it was noted that the Visitor Economy Plan had initially been considered by Cabinet in November 2019 but had been taken no further until now. The Head of Property and Regeneration explained that Covid-19 concerns were starting to rise at the end of 2019 and then lockdown measures introduced early 2020 meant that emergency plans were put into place, and reports such as this therefore had to be paused.

In response to a question, the Head of Property and Regeneration explained that the consultants had suggested the closure of the Ashby Tourist Information Centre as a result of responses received from the stakeholder engagement process.

A statement was made by a Member on the diminishing tourist interest in Ashby over the last 20 years and it was felt that this was down to the lack of investment in the town by the District Council. Comments were made that little marketing was done to publicise the town and there was not enough on offer for the public if they did visit. Reference was made to the thriving market town it used to be and the fact that there would be a stronger need for a tourist information centre if more was done to attract tourists. The Head of Property and Regeneration acknowledged that visitor numbers were currently low and agreed there was more to be done to improve that, which was the aim of the plan before Members. However, it was noted that there were other ways for people to get information now, such as on their mobile phones, and this had to be considered moving forward.

Members were reminded that the report set out four priorities which would inform the plan and the recommendation was to make comment on these prior to consideration at Cabinet.

In relation to the Fathom Consultation report, a comment was made on the very little data available as although the report referred to significant engagement, this was in fact only 10 people. It was felt there was a lack of partnership working with organisations such as Leicestershire County Council, the museum service, and libraries. It was pointed out that the tourist information service was more than just a site at the library, staff were very active on social media and had attended Hermitage FM on a weekly basis to publicise events. The suggestion within the report of cross district working to promote the district was supported but it was felt that it had lost sight of what was needed and community venues such as libraries to work from should be considered. There was also some concern that the resource required to achieve the proposals may not be available.

Members felt that the staff at the Ashby Tourist Information Centre did much more than sit and wait for people to come in asking for information. It seemed that there was an intention to redeploy the staff within the same service area and savings being made were minimal in relation to the cost of running the premises. Therefore, it was felt that the staff should stay based at the Ashby premises as it was a useful and central location.

Chairman's initials

The questions asked as part of the engagement process were queried and it was pointed out there was little engagement with the Ashby business community or the Heritage Society. The Head of Property and Regeneration referred Members to paragraph 4 of the Fathom consultation report where the consultation questions were detailed.

In response to a query from a Member, the Head of Property and Regeneration assured the Committee that Ashby Town Council had and would be consulted on any further options going forward and that meetings had already been arranged for the near future.

In relation to the four priorities set out in the report, a comment was made that although good priorities, credibility was lost by the proposal to close the Ashby Tourist Information Centre which was the main way that the service was delivered.

Following further discussion about the Ashby Tourist Information Centre, clear opinions were shared, and it was agreed that the committee were unanimously opposed to the proposals to close the centre. Therefore, it was moved by Councillor S Sheahan that Cabinet be asked to request officers to look at alternative options that did not include the closure of Ashby Tourist Information Centre. It was seconded by Councillor D Bigby and was put to the vote. The motion was AGREED.

The Chair thanked Members for their contributions and confirmed that the motion as approved during discussion, and comments made would be presented to cabinet when it considered the report.

4.2 Councillors may wish to note that a question was put to Scrutiny Committee by a member of the public regarding the future of the TIC in Ashby. A copy of the question and response as recorded in the meeting minutes has been included in the list of background papers at the top of this report.

5.0 CONCLUSION

5.1 Businesses and stakeholders active in the NWL Visitor Economy sector have made it clear that they support the finding of the Leicester and Leicestershire Tourism Growth Plan and the NWL Specific sub report produced by LPL.

5.2 Through the work of Fathom Consulting they have gone further and provided clear commentary on how they would like North West Leicestershire District Council to support them. This would involve the council in focusing its Cultural Services work around four new priority activities.

5.3 The council can deliver against these priority activities for its stakeholders but to do so will require some reallocation of resources as detailed in the paper.

5.4 Officers believe that resourcing these priority activities is necessary if visitor economy growth targets in the Council Delivery Plan are to be achieved.

Policies and other considerations, as appropriate	
Council Priorities:	Support for businesses and helping people into local jobs
Policy Considerations:	Tourism and Visitor Economy Activities are a discretionary function
Safeguarding:	None

Equalities/Diversity:	The proposed changes to the delivery of visitor economy promotion are designed to broaden the reach of the service and therefore should have positive equality and diversity impacts.
Customer Impact:	The proposed changes are designed to improve the quality of the service offered. Changes to the delivery of visitor economy promotion should increase the number of customers who can access the service
Economic and Social Impact:	Improved performance of our visitor economy sector is expected to lead to increased local employment opportunities.
Environment and Climate Change:	None
Consultation/Community Engagement:	Local businesses, partners and stakeholders operating in the visitor economy sector have been heavily engaged in helping shape the proposed priorities and activities.
Risks:	The proposed changes may not lead to the desired improvements. However performance is being regularly monitored and would enable additional remedial actions to be developed if necessary.
Officer Contact	Paul Wheatley Head of Property And Regeneration paul.wheatley@nwleicestershire.gov.uk

Appendix one

Providing 'tourist information services' in Ashby de la Zouch – Options

Introduction And Background

In the past decade we have rapidly moved from a position where Tourist Information Centres (TICs) were the primary (and in many cases only) source of information both before and during a visit, to one where physical information points now have to compete with technology driven solutions and often struggle to match the levels of sophistication on offer. There are a wide range of websites and apps available to inform potential visitors about what particular areas have to offer and they are well known and used.

The Smartphone is now a low cost tool available to most and with the increase in free wifi to access networks, the cost of accessing digital information is becoming less of a barrier. Evidence is available that demonstrates that 92% of the UK population (aged 16 and above) now have a Smartphone, which was an increase of 5% on 2020. Currently 99% of the population aged 16 to 54 have a Smartphone with ownership at 83% for those aged 55 to 64, but dropping to 18% for those over 65 (Source: Statista). It would be a reasonable assumption that as time moves on Smartphone ownership will continue to rise particularly within the older age groups.

It is reasonable to expect that the trend towards consumption of travel information digitally will continue.

Notwithstanding the above trend, there will always be inclusivity arguments in favour of 'face to face' service delivery. The question that this council must wrestle with is "at what level of usage (if any) does face to face TIC provision (a discretionary service) become unsustainable? Current statistics show that nationally less than 5% of visitors to an area use a TIC during their visit. The level of patronage of Ashby TIC prior to Covid was in the order of 23 customers per day.

North West Leicestershire District Council's Corporate Scrutiny Committee have accepted that to grow the district's Visitor Economy in the way required to deliver Council Delivery Plan targets, it will be necessary to evolve our Tourism Service activities. It is further accepted that to do this requires resourcing. Provision of new money into the Visitor Economy Service at the current time is not feasible (the council's MTFS precludes this). It appears to be broadly accepted that reallocation of resource is a necessity to achieve adopted targets. Corporate Scrutiny Committee however has indicated that it <u>is not prepared to accept a total closure of the TIC in Ashby at the current time</u> and has asked for options. This paper sets out a series of alternative ways of retaining a TIC facility in Ashby, with a preferred option identified.

Costs

The budget for the operation of the TIC in Ashby for 2021/22 is as follows:

Staff Costs (Salaries, NI, Pension etc)	£62,650

Premises Costs (Rent, maintenance etc)	£4540
Supplies and Services (printed materials, call charges, card machine etc)	£3760
Total	**£70,950**

TIC Services

The Services provided by TIC staff from their base in Ashby are set out below. Some of these services do not need to be provided on a face-to-face basis and can be incorporated with other tasks arising from adoption of the new Visitor Economy Plan priorities, as part of new or revised job roles within the Cultural Services or Economic Regeneration team.

Those that are face to face services are highlighted. It should be noted that some face-to-face services are providing a subsidy to local businesses and renegotiation of the basis of provision may be warranted.

Service Activity	**Face to Face Service?**		**Alternative service delivery proposal**
	Yes	**No**	
Customer enquiries (tourism and social/well-being)	X		Retain within TIC facility operated in accordance with one of the options set out in this paper
Box office ticket sales (non-exclusive ticket agents for a number of local organisations	X		Explore whether any alternative TIC operators will be prepared to continue box office sales. Issue may be that sales income at present does not recover full sales costs
Poster and leaflet display in the tourist information centre	X		Retain within TIC facility operated in accordance with one of the options set out in this paper
Telephone and email enquiries		X	Diverted to Customer Call Centre – supported by a prepared FAQ script. Referral to designated officers if required.
Updating 'tourist information points'		X	Cultural Services and Communications Teams from council offices or agile
Mailshots – posters to community venues (village halls and community venues across the district)		X	Incorporate into wider distribution list. Possibility of information going digital as commitment to Zero Carbon. Delivered by Cultural Services and Communications Teams from council offices or agile
Box office email blasts		X	Continue to include in general what's on information and general mailshots, but specific work to

			support certain venues is public subsidy. Explore whether can be recharged. If not then stop. Delivered by Cultural Services and Communications Teams from council offices or agile
Social media promotion of events and attractions (districtwide)		X	Delivered by Cultural Services and Communications Teams from council offices or agile
Website and 'what's on' data management		X	Delivered by Cultural Services and Communications Teams from council offices or agile
Signposting business enquiries to Business Focus		X	Absorbed into existing role within Economic Regeneration Team.
Promotion of annual tourism awards (Leics. Tourism and Hospitality Awards)		X	Delivered by Cultural Services Team from council offices or agile
Collation and distribution of 'what's on' postcards (Ashby and Coalville)		X	Delivered by Cultural Services and Communications Teams from council offices or agile, with support from Ashby Town Council in respect of Ashby events

Future TIC Provision - Options Assessment

Following Corporate Scrutiny Committee on 5th January 2022 it was noted that members recognised the need to release resource to deliver the new priorities set out in the Scrutiny Paper, but also wished to explore options for retaining the TIC.

Through initial discussions with partners, six options have been identified which range from do nothing (i.e. reopen the TIC using NWLDC staff resource) through to closure of the TIC. The options are described more fully below.

The option of working with Ashby Town Council / Ashby BID to retain a face-to-face TIC service is considered by district council officers to be the most promising. This option would extend work with an existing and trusted partner, retain local accountability, and respond directly to the recent motion passed by Ashby Town Council.

In the period of time that has elapsed since Scrutiny Committee on 5th January it has been possible to hold an initial exploratory meeting with Ashby Town Council / BID which provided some confidence to both parties that a workable solution my result. It should be recognised however that neither party is in a position to formally commit to this course of action on the strength of one meeting and further investigation and due diligence and the development of Heads Of Terms is required.

There may be merit in exploring Option Two - working with Everyone Active as a fallback solution.

The Options

OPTION ONE – NWLDC and Ashby Town Council / Ashby BID develop an arrangement for the continued provision of a face-to-face TIC service in Ashby

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• Tourist information provision can be retained from exisitng and well known location • Ashby Town Council / BID are already known to handle similar enquiries to those received at the TIC. This arrangement would provide a one stop shop for all those enquires. • Ashby Town Council and BID currently play a role in tourism and wider promotion. • Reduces NWLDC resource requirement allowing other priority tasks to be undertaken.	• Other public bodies are known to have limited opening hours: • Varying service delivery resilience due to available staffing resource • Potential changes to the services provided, ceasing those services that are not cost effective or not possible to deliver (e.g. services requiring card transactions) • Limited technology in place to support service enquiries and transactions (sales via card transactions etc.)
OPPORTUNITIES	**THREATS**
• Relaunch of the service to attract new customers • Exposure to additional services offered by the provider	• Reduction in the services delivered • Customer dissatisfaction / customer complaints • Long term instability (either partner may decide to terminate the service agreement)

OPTION TWO – Commission Everyone Active to provide a face-to-face tourist information service from Ashby Leisure Centre and Lido

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• The premises is owned by the district council • The district council already has a partnership agreement with Everyone Active • The location has recently been refurbished and modernised	• Different location requiring current customer behaviour change • Staff would require training • Customers would have to wait in queue with people wanting to enter the leisure centre.

• Significantly increased opening hours – currently open 91hours per week (including Sundays and bank holidays) • An established leisure and tourist attraction • Customer facing environment and customer service trained and experienced staff in place • Higher service delivery resilience through access to staffing resource • Technology in place to support service enquiries and transactions (sales via card transactions, online booking, printing etc.) • Reduces NWLDC resource requirement allowing other priority tasks to be undertaken.	• Lengthy TIC enquiries could delay people from paying to use leisure facilities. • Not much spare space in leisure centre reception.
OPPORTUNITIES	**THREATS**
• The service is exposed to new customers • Relaunch of the service to attract new customers • High footfall and open foyer area • Local organisations can negotiate new service contracts with Everyone Active (e.g. box office/ticket sales, joint marketing opportunities etc.) • Potential expansion of retail sales merchandise / offer (maps, walking books etc.) • Exposure to additional services offered by the provider	• Potential inconsistency in service delivery due to a larger pool of staffing • Customer dissatisfaction / customer complaints • Long term instability (either partner may decide to terminate the service agreement)

OPTION THREE – Seek proposals from other operators, commissioning them to run a tourist information service/centre, to include the commercial and volunteer sector

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• Investment in the commercial / volunteer sector • Increased opening hours / access to information • Reduces NWLDC resource requirement allowing other priority tasks to be undertaken.	• Involved / time-consuming process to appoint and establish the partnership / service agreement • On-going resource requirement to maintain / manage the partnership

OPPORTUNITIES	THREATS
• Exposure to additional services offered by the provider	• Reduction in the services delivered • Customer dissatisfaction / customer complaints • Long term instability (either partner may decide to terminate the service agreement)

OPTION FOUR – Reopen Ashby de la Zouch Tourist Information Centre with tourist information services provided via a self-serve portal (non staffed) / 'super tourist information point' with further enquiries linking back to the new District Council Customer Service Centre or alternative information provider

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• A dynamic and up to date provision of information • Reduces NWLDC resource requirement allowing other priority tasks to be undertaken.	• 100% virtual provision of information • Access to the self-serve portal will be limited to 16 hours per week (current library open hours) • Reduction in services delivered (limited to information within the portal or on display)
OPPORTUNITIES	**THREATS**
• To increase the range of promotional information	• Technology failure • Significant investment with low usage • Customer dissatisfaction / customer complaints

OPTION FIVE - **Reopen Ashby Tourist Information Centre (current location), providing face to face services to customers with NWLDC providing facility and staff.**

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• Existing customers know the location and services on offer • The premises is still leased to the district council	• With the service unavailable since March 2020 customer habits will have changed resulting in a reduction in customers • The current location limits the hours that the office is open (15 hours per week and closed on Sundays and Bank Holidays) • The current facility is dated and in need of refurbishment and modernisation • Low service delivery resilience due to limited staffing resource

	• Potential changes to the services provided, ceasing those services that are not cost effective (e.g. card transactions) • Two customer service counters in one location is confusing and inefficient
OPPORTUNITIES	**THREATS**
• Modernise the facility, refresh, new look • Relaunch of the service to attract new customers	• Limited budget available to invest in the service • Reduction in the services delivered

OPTION SIX – Permanent closure of Ashby de la Zouch Tourist Information Centre

S W O T A N A L Y S I S	
STRENGTHS	**WEAKNESSES**
• 100% of the budget is invested in development and progression of the North West Leicestershire Visitor Economy Plan. • The provision has been closed since March 2020 and customers have been supported by Ashby Library (as part of their information service provision)	• Loss of bespoke tourist information and box office / ticket service from Ashby de la Zouch • Loss of community and social wellbeing services • Greater pressure on Ashby Library resources (currently accommodating tourism / community enquiries)
OPPORTUNITIES	**THREATS**
• Increasing the economic impacts of the visitor (attracting more visitors and increasing visitor duration and spend per head)	• Customer dissatisfaction / customer complaints

CONCLUSION

Officers believe that Option One (working with Ashby Town Council / Ashby BID to provide a face to face TIC service) has the greatest potential for success. Through an initial meeting, both parties identified mutual benefits.

Further preparatory and due diligence work is required before formal agreement can be reached. It is proposed therefore that Cabinet delegate authority to the Strategic Director (in consultation with the Portfolioholder for Business And Regeneration) to agree terms for the future operation of the TIC.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 FEBRUARY 2022

Title of Report	**MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY**	
Presented by	Councillor Andrew Woodman Community Services Portfolio Holder	
Background Papers	Agenda and minutes of the Coalville Special Expenses Working Party on 14 December 2021	**Public Report:** Yes **Key Decision:** Yes
Financial Implications	As set out in the reports to the CSEWP on 14 December 2021. **Signed off by the Section 151 Officer**: Yes/No	
Legal Implications	Legal advice was provided during the drafting of all reports to the CSEWP on 14 December 2021. **Signed off by the Deputy Monitoring Officer**: Yes	
Staffing and Corporate Implications	There are no staffing or corporate implications arising from the report. **Signed off by the Head of Paid Service:** Yes	
Purpose of Report	To share the minutes of the Coalville Special Expenses Working Party from 14 December 2021.	
Reason for Decision	So that the decisions of the Coalville Special Expenses Working Party can be considered.	
Recommendations	**THAT CABINET NOTES THE MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY AT APPENDIX 1 AND APPROVES THE RECOMMENDATIONS DETAILED AT SECTION 3.0 OF THIS REPORT.**	

1.0 BACKGROUND

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

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

2.0 TERMS OF REFERENCE

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

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

3.0 RECOMMENDATIONS TO CABINET FROM THE MEETING ON 14 DECEMBER 2021

3.1 Coalville Special Expenses Draft Budget 2022/23

3.1.1 There were no recommendations to Cabinet. Cabinet however, are asked to note the working parties comments on the draft budget and proposed indicative increase to the precept. The Coalville Special Expenses draft budget will be presented to Cabinet as part of a separate report (Budget and Council Tax 2022/23) on the same agenda as this report.

3.2 Coalville Special Expense Finance Update

3.2.1 The following recommendations were made

1. The earmarking of £16,000 underspend on the events budget towards funding the 2022/23 cinema event be approved.

3.3 Events Update

3.3.1 The proposed events programme and associated budget 2022/23 be considered by Cabinet

3.4 Capital Projects Update

3.4.1 Approval be sought from Cabinet to submit an application to the district wide COVID commemoration.

Policies and other considerations, as appropriate	
Council Priorities:	• Supporting Coalville to be a more vibrant, family-friendly town • Developing a clean and green district • Our communities are safe, healthy and connected
Policy Considerations:	Taken into consideration in drafting of reports to CSEWP.
Safeguarding:	Taken into consideration in drafting of reports to CSEWP.
Equalities/Diversity:	Taken into consideration in drafting of reports to CSEWP.
Customer Impact:	The reports and proposals presented to CSEWP all have positive impacts on a variety of customers.
Economic and Social Impact:	The reports and proposals presented to CSEWP will have positive economic and social impacts.

Environment and Climate Change:	Updates within the Capital Projects Update report will have positive environmental and climate change impacts.
Consultation/Community Engagement:	Coalville Special Expenses Working Party – 14 December 2021.
Risks:	None identified.
Officer Contact	Paul Sanders Head of Community Services Paul.Sanders@nwleicestershire.gov.uk

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MINUTES of a meeting of the COALVILLE SPECIAL EXPENSES WORKING PARTY held in the Council Chamber, Council Offices, Coalville on TUESDAY, 14 DECEMBER 2021

Present: Councillor D Everitt (Chairman)

Councillors E G C Allman, A S Black, J Geary, J Legrys, J Windram and M B Wyatt

In Attendance: Councillors

Officers: Mr P Sanders, Mr J Knight, Mrs W May, Mrs C Hammond, Mr D Bates and Ms R Haynes

16. APOLOGIES FOR ABSENCE

Apologies were received from Councillor A Bridgen and Councillor M French.

17. DECLARATIONS OF INTEREST

Councillor M Wyatt declared non-pecuniary interests in all items should reference be made to Coalville town, as the owner of two town centre businesses.

Councillor J Geary declared non-pecuniary interests in all items as a director of the Springboard Centre, founder member of Mantle Community Arts, and supporter of Coalville Town Football Club should any reference to them arise at the meeting.

Councillor J Legrys declared non-pecuniary interests in all items as a volunteer at Hermitage FM, should reference be made to Coalville town.

18. MINUTES OF THE PREVIOUS MEETING

Consideration was given to the minutes of the meeting held on 12 October 2021.

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

RESOLVED THAT:

The minutes of the meeting held on 12 October 2021 be confirmed and signed by the Chairman as a correct record.

19. COALVILLE SPECIAL EXPENSES DRAFT BUDGET 2022/23

The Head of Finance presented the report to members, highlighting that at present the report remained a draft.

Councillor M B Wyatt advised that the expenditure sub group did not represent his views and felt that the group should have reported back before the draft budget was put to the main working party. He could not support the proposed 9% increase.

Members expressed a wish that they receive more consultation with regard to expenditure in their local areas, in particular play areas.

The Leisure Services Manager advised members that it had been discussed at previous meetings that the plan was to review all play area replacement plans, but it could not be done as a blanket approach and had to be prioritised. He noted that as each area came up officers would consult with local members as to what would need to be done.

It was noted that the original proposal was to increase the council tax by 13.7% and the sub group had proposed 9%.

Councillor J Legrys thanked Officers for help and guidance in assisting Members to understand the draft budget. He noted that a lot of time had been spent by the group debating the increase from 0% to 13.7% however it was also noted that it would be unavoidable if the Committee was to continue providing the service which it currently did.

The Chair observed that all comments be noted in order to pass on to Cabinet.

RESOLVED THAT:

The comments made by the Working Party on the 2022/23 Draft Budget and the proposed indicative increase in the Coalville Special Expense precept be put forward to Cabinet on 11 January 2022 for consideration.

20. COALVILLE SPECIAL EXPENSES FINANCE UPDATE

The Head of Finance presented the report to members.

It was debated whether the Cinema in the Park event would replace the Picnic in the Park event. Members were assured that due to an underspend last year, during 2022 both events be held, although due to the Jubilee Celebrations, the 2002 version of Picnic in the Park be known as the Queen's Jubilee Celebration.

In a response to a question from Councillor M B Wyatt, the Leisure Services Team Manager advised the members that the one MVAS that was still working, would be funded by the Council, not by Special Expenses.

Members were advised that the underspend from Picnic in the Park 2021 be earmarked to support the delivery of Cinema in the Park 2022, which would be delivered as well as Picnic in the Park 2022 (as the Queen's Jubilee celebration event). It was noted that budget being allocated to Cinema in the Park was to ensure that it remained affordable, as a privately run event would not make it accessible. It was also highlighted that any future events from 2023 onwards would be a decision for the working party at the right time, subject to what budget would be available at that time.

Councillor M Wyatt proposed that the committee have aspirations to hold the Picnic in the Park event in 2023, and members agreed, however with the added caveat that importance be stressed on planning events on a year by year basis, whilst keeping in mind the available budget.

The allocation of £25,000 towards an inclusive toilet was considered, however members felt they needed more specific information before it be agreed.

It was moved by Councillor M Wyatt, seconded by Councillor A Black that the Council aspired to hold a 2023 Picnic in the Park.

It was moved by Councillor J Geary, seconded by Councillor E Allman and

RESOLVED THAT:

1. The 2021/22 period 6 budget monitoring figures and the forecasted outturn be noted.

2. The proposal for the allocation of £25,000 from balances for an inclusive toilet be removed from consideration until a further report is provided to the working group

3. The committee has an aspiration to hold Picnic in the Park 2023.

RECOMMENDED THAT:

4.The earmarking of £16,000 underspend on the events budget towards funding the 2022/23 cinema event be recommended to Cabinet for approval.

21. EVENTS UPDATE

The Cultural Services Team Manager presented the report to members.

It was noted that unfortunately the Christmas Lights Switch On event was significantly impacted by Storm Arwen. This was somewhat mitigated by the ability to still deliver the outdoor food, drink and craft market and the success of the indoor market at Newmarket, and the fact that despite the weather, footfall in Coalville was significantly increased on the day.

Wendy May expressed her thanks to the Cultural Services Team for their efforts under extremely challenging conditions and noted that the negative feedback that had been received about the cancellations proved that residents of the area enjoyed the main stage and the fireworks that had been held in previous years.

Councillor M Wyatt provided positive feedback with regards to the lights at the clocktower and in other parts of Coalville, however he questioned whether the space in Memorial Square could be utilised more to hold events. Wendy responded that following extensive risk assessments, it was considered that the town had more suitable and safer pedestrianised areas.

Members expressed disappointment that the lights on the tree at Memorial Square had been vandalised but provided positive feedback on the success of the Christmas event at the Newmarket.

It was moved by Councillor J Geary, seconded by Councillor J Legrys and

RESOLVED THAT:

1. the progress update on 2021/22 events be noted.
2. the update for Christmas lights 2021/22 be noted.
3. the update for 2021/22 Coalville Special Expenses community grant scheme be noted.

RECOMMENDED THAT:

4. The proposed events programme and associated budget 2022/23 be considered by Cabinet.

22. CAPITAL PROJECTS UPDATE

The Leisure Services Team Manager presented the report to members, in which he provided updates on various projects, including Coalville Park play equipment, the

Community Garden, Lillehammer Drive and also the provision of Covid memorial benches.

Members were pleased to see that the application to the Treescapes scheme had been successful. Following a comment from Councillor J Geary on the future maintenance of the 20 trees that had been secured, once the 3 year maintenance had expired, it was noted that a budget was available from previous funding that had been secured for that reason.

Members were invited to put forward their proposals for suitable sites for the Covid memorial benches via email to Officers, before the end of the month and it was noted that 6 memorial benches had been allocated in total for the Coalville Special Expense Area.

It was moved by Councillor J Legrys, seconded by Councillor J Geary and

RESOLVED THAT:

1. The progress update on the 2021/22 capital projects be noted.

RECOMMENDED THAT:

2. Approval be sought from Cabinet to submit an application to the district wide COVID commemoration.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.15 pm