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Steve Atkinson MA(Oxon) MBA FIoD FRSA
Chief Executive

Date: 23 January 2013



Hinckley & Bosworth
Borough Council

A Borough to be proud of

**To: Members of the Scrutiny Commission & the
Finance, Audit & Performance Committee**

Mr MR Lay (Chairman)	Mrs L Hodgkins
Mr PAS Hall (Vice-Chairman)	Mr MS Hulbert
Mr C Ladkin (Vice-Chairman)	Mr DW Inman
Mr PR Batty	Mr K Morrell
Mr Bessant	Mr K Nichols
Mrs WA Hall	Mrs S Sprason
	Miss DM Taylor

Copy to all other Members of the Council

(other recipients for information)

Dear Councillor,

There will be a meeting of the **SCRUTINY COMMISSION** in the Council Chamber on **THURSDAY, 31 JANUARY 2013 at 6.30 pm** and your attendance is required. Members of the Finance, Audit & Performance Committee are also invited to attend and take part in the debate.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen
Democratic Services Officer

SCRUTINY COMMISSION - 31 JANUARY 2013

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES (Pages 1 - 4)
To confirm the minutes of the meeting held on 20 December 2012.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES
To be advised of any additional items of business which the Chairman decides by reason of special circumstances shall be taken as matters of urgency at this meeting.
4. DECLARATIONS OF INTEREST
To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the agenda.**
5. QUESTIONS
To hear any questions in accordance with Council Procedure Rule 10.
6. DRAFT GENERAL FUND REVENUE BUDGET 2013/14 (Pages 5 - 20)
Report of the Deputy Chief Executive (Corporate Direction).
7. DRAFT HOUSING REVENUE ACCOUNT BUDGET 2013/14 (Pages 21 - 34)
Report of the Deputy Chief Executive (Corporate Direction).
8. DRAFT CAPITAL PROGRAMME 2013/14 (Pages 35 - 46)
Report of the Deputy Chief Executive (Corporate Direction).
9. DRAFT TREASURY MANAGEMENT STRATEGY & PRUDENTIAL INDICATORS (Pages 47 - 68)
Report of the Deputy Chief Executive (Corporate Direction).
10. TREASURY MANAGEMENT THIRD QUARTER UPDATE (Pages 69 - 78)
Referred from the cancelled Finance, Audit & Performance meeting on 21 January.
11. UPDATE ON BUSINESS RATES RETENTION & POOLING
Referred from the cancelled Finance, Audit & Performance Committee on 21 January (verbal update).
12. COUNCIL TAX BASE FOR LOCAL PRECEPTING AUTHORITIES (Pages 79 - 84)
Report of the Deputy Chief Executive (Corporate Direction).
13. PERFORMANCE MANAGEMENT FRAMEWORK (Pages 85 - 102)
Referred from the cancelled Finance, Audit & Performance Committee of 21 January.
14. DEVELOPER CONTRIBUTIONS UPDATE (Pages 103 - 106)
Report of the Deputy Chief Executive (Community Direction).

15. PLANNING APPEAL DECISIONS (Pages 107 - 118)
Report of the Deputy Chief Executive (Community Direction).
16. SIGNING UP TO CLIMATE LOCAL (Pages 119 - 122)
This report has been to the Scrutiny Environment Group and as such the Scrutiny Commission is asked to endorse the group's recommendations before being presented to Executive.
17. SCRUTINY COMMISSION WORK PROGRAMME 2012-13 (Pages 123 - 128)
Work programme attached.
18. MINUTES OF MEETING MONDAY, 10 DECEMBER 2012 OF FINANCE, AUDIT & PERFORMANCE COMMITTEE (Pages 129 - 130)
For information only.
19. MINUTES OF MEETING MONDAY, 17 DECEMBER 2012 OF BARWELL & EARL SHILTON SCRUTINY GROUP (Pages 131 - 132)
For information only.
20. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIRMAN DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY

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Agenda Item 2

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

20 DECEMBER 2012 AT 6.00 PM

PRESENT: Mr MR Lay - Chairman
Mr PAS Hall and Mr C Ladkin – Vice-Chairman

Mr JG Bannister (for Mrs L Hodgkins), Mrs WA Hall, Mr MS Hulbert, Mr DW Inman, Mr JS Moore (for Mr PR Batty), Mr K Morrell and Mr K Nichols

Also in attendance: Councillor DC Bill MBE

Officers in attendance: Katherine Bennett, Valerie Bunting, Rachel Burgess, Bill Cullen, Edwina Grant, Louisa Horton, Rebecca Owen, Sally Smith and Sharon Stacey

317 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors Batty, Bessant, Hodgkins and Sprason, with the following substitutions authorised in accordance with Council Procedure Rule 4.3:

Councillor Bannister for Councillor Hodgkins
Councillor Moore for Councillor Batty.

It was also noted that Councillor Nichols would be arriving late.

318 MINUTES

It was

RESOLVED – the minutes of the meeting held on 8 November 2012 be approved and signed by the Chairman.

319 ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES

The Chairman reported that he had agreed to accept an urgent item of business on the Council Tax base for local precepting authorities.

320 DECLARATIONS OF INTEREST

No interests were declared at this stage.

321 LOCAL STRATEGIC PARTNERSHIP PROGRESS REPORT

Members were informed of the progress and achievements of the Hinckley & Bosworth Local Strategic Partnership by the lead Borough councillor on the partnership, officers and partners. Many activities and schemes were presented including the work in the community houses and neighbourhoods, summer activities, the Youth Café, adult education, support groups and community day trips.

Councillor Nichols arrived at 6.15pm.

Members were pleased to see the improvement in the partnership since the early days and congratulated all staff involved on the successes.

322 COMMUNITY SAFETY PARTNERSHIP - UPDATE

Members received a presentation from Inspector Marc Simons and the Chief Officer (Housing, Community Safety & Partnerships) which updated on crime statistics and plans for restructuring within the local police. With regard to the statistics it was noted that targets for reduction of crime had been exceeded for most crimes, however theft from vehicles had increased. It was reported that the majority of thefts from vehicles were due to carelessness and people leaving valuable items, such as satellite navigation equipment, on view. Members were informed that the current challenges and threats were travelling criminals and the impact of reduced funding and resources.

Officers reported that Hinckley & Bosworth and Blaby District Community Safety Partnerships had informally merged which had reduced the number of meetings and assisted with providing continuous support to those who need it. The merged Partnership had received a good independent evaluation and was working well.

Inspector Simons reported that the move to a new policing structure would commence on 7 January and would revolve around ensuring that the number of officers available corresponded to the times of high demand. It was also intended that the same officer would continue to deal with a particular case until its conclusion to ensure continuity. A Police response unit would be based at the response hub in Braunstone. It was reported that there would be no change to the public facing service and that Hinckley Police Station would continue to be open from 9am to 9pm, and that there would be no decrease in visibility of officers on the beat – and in many areas the local officers would remain the same due to the good relationship they have already built with the community.

Concern was expressed regarding comments made by the new Police & Crime Commissioner in the press in relation to anti-social behaviour in Barwell. Inspector Simons confirmed that he had expressed the same concerns, but had no input into the statements of the Police & Crime Commissioner – it was, however, noted that he had been invited to visit Barwell Community House to view the work there and the improvements within the community.

Members endorsed the good work of the partnership and congratulated everyone involved.

323 COUNCIL TAX BASE FOR LOCAL PRECEPTING AUTHORITIES

The Scrutiny Commission was informed of financial arrangements for local precepting authorities in 2013/14. It was reported that parish councils would be able to raise their precept above 2% without the need for a referendum. Members were concerned with the new council tax system and that parish councils had been informed so late in the process. It was agreed that a full debate would be held at the next meeting of the Commission and that it would also be considered at the Parish Forum on 23 January.

324 AFFORDABLE HOUSING PROJECTIONS

Members were informed of the targets and thresholds for affordable housing across the Borough, the projected maximum delivery figure for affordable housing and the constraints around delivering this level of affordable housing such as the sites which fall below the threshold for delivery which would not contribute to the target. Officers reported that a projected shortfall of 3% was likely, resulting in a potential shortfall of 128 affordable properties in rural areas over the local plan period to 2026. It was, however, acknowledged that actions would be taken to minimise any shortfall over the plan period.

In discussing the Commuted Sums, there was concern that if developers were contributing the funding rather than providing the properties there could be a time limit on spending the funds which would be a time consuming process. There was also concern that the contribution would not be sufficient to provide the same number of properties as would be provided on site and would have to be provided within a reasonable distance of the development site to meet the needs of that neighbourhood.

It was suggested that updates on progress towards delivery of affordable housing be brought to the Commission.

325 SCRUTINY COMMISSION WORK PROGRAMME 2011-12

The work programme was noted, however it was reported that at the previous meeting of the Barwell & Earl Shilton Scrutiny Group officers had been asked to invite representatives of Leicestershire County Council's Highways Team to the next meeting and it was acknowledged that there was now an official route for doing so via the County Council's Chief Executive.

A Member also suggested including an item in the work programme about safety regarding children cycling to school and what could be done to encourage the schools to promote the wearing of cycle helmets by pupils.

(The Meeting closed at 7.44 pm)

CHAIRMAN

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Report No

SCRUTINY COMMISSION – 31ST JANUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: DRAFT GENERAL FUND REVENUE BUDGET 2013/2014

1. PURPOSE OF REPORT

- 1.1 To provide Scrutiny Commission with a draft 2013/14 General Fund budget ahead of submission to Council on 21st February 2013.
- 1.2 The General Fund Revenue Budgets have been prepared taking into account the Capital and HRA budgets. The Capital and HRA budgets are presented as separate reports but should be read in conjunction with this report.

2 RECOMMENDATIONS

- 2.1 That the following be noted:

- The General Fund service expenditure shown in Table 1
- The Special Expenses area expenditure shown in Table 2
- The total General Fund service expenditure for the Council shown in Table 3
- The proposed movement of General Fund Reserves and balances show in sections 3.16-20

3 BACKGROUND TO THE REPORT

- 3.1 The General Fund Revenue budget for 2013/14 has been drawn up in accordance with the principles set out in the Budget Strategy endorsed by Finance, Audit and Performance Select Committee and Executive in October 2012 and in accordance with the Medium Term Financial Strategy (MTFS). The key objectives of the budget can be summarised as follows:-
 - i) To align expenditure on services to the Council's Corporate Plan.
 - ii) To provide for reductions in grant funding for 2013/14 and future years
 - iii) To encourage identification of savings and income generation opportunities across the Council.
 - iv) To maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
 - v) To maintain an acceptable and viable level of balances in the Special Expenses Area.

- vi) To keep the overall increase in average Band D Council Tax (including Special Expense Areas) to 0%.

Budget Summary

- 3.2 The revised budget for 2012/13 and the draft budget for 2013/14 are set out in Table 1 below.

Table 1 - General Fund Revenue Budget (excluding Special Expenses Area)

	Original Estimate	Revised Estimate	Original Estimate
	2012/13	2012/13	2013/14
	£	£	£
Central Services	3,076,380	3,173,850	3,206,992
Leisure and Environment	6,464,520	6,522,607	6,619,840
Housing (General Fund)	1,161,000	1,164,370	1,326,246
Planning	1,178,290	1,447,982	1,470,435
Direct Service Organisations	-53,190	-7,190	-10,300
Corporate Savings	-100,000	-100,000	0
Further Savings in Year	0	-1,440,129	0
Total service expenditure	11,727,000	10,761,490	12,613,213
<i>Less:</i>			
<i>Special Expenses Area</i>	<i>-549,500</i>	<i>-534,500</i>	<i>-589,430</i>
<i>Capital Accounting Adjustment</i>	<i>-1,461,900</i>	<i>-1,461,900</i>	<i>-1,996,100</i>
<i>Net external interest (received)/paid</i>	<i>92,720</i>	<i>98,620</i>	<i>134,240</i>
<i>FRS17 Adjustment</i>	<i>-13,910</i>	<i>-13,910</i>	<i>-141,350</i>
<i>Transfer to/(from) balances</i>	<i>-452,616</i>	<i>-734,808</i>	<i>-68,508</i>
<i>Transfer to reserves</i>	<i>592,720</i>	<i>2,009,220</i>	<i>251,840</i>
<i>Transfer from reserves</i>	<i>-228,270</i>	<i>-417,968</i>	<i>-322,362</i>
<i>Transfer to/(from) pensions reserves</i>	<i>119,030</i>	<i>119,030</i>	<i>115,510</i>
HBBC Budget Requirement	9,825,274	9,825,274	9,997,053

Special Expense Area

- 3.3 This represents the cost of parks, cemeteries and poop scoop schemes in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals of Table 1 and must be included in the Council's overall budget requirement for capping purposes.
- 3.4 The proposed budgets for the Special Expenses area have been compiled in accordance with the approved Budget Strategy and the overall objective of freezing Council Tax. A separate report was presented to the Hinckley Area Committee on 28th January 2013 detailing the recommendations contained in this report.

Table 2 - Special Expenses Budget

	Original	Revised	Original
	Estimate	Estimate	Estimate
	2012/13	2012/13	2013/14
	£	£	£
Expenditure	549,500	534,500	589,430
<i>Transfer to/(from) balances</i>	(57,600)	(52,480)	0
<i>Transfer to Reserves</i>	118,560	177,000	56,804
Net Expenditure	610,460	659,020	646,234
<i>New Homes Bonus</i>	0	(48,560)	(92,223)
Budget Requirement	610,460	610,460	554,011

- 3.5 Balances in the Special Expenses Area (SEA) at 31st March 2014 are estimated as follows:

	£
Balance at 1 st April 2012	224,000
Transfer from Balances 2012/13	<u>-52,480</u>
Estimated surplus at 31 st March 2012	<u>171,520</u>
Transfer from Balances 2013/14	<u>0</u>
Estimated Balance at 31 March 2014	<u>171,520</u>

It should be noted that the transfer from balances in 2012/13 was due to a transfer to reserves approved by Council in September 2012. This has therefore not reduced the net resources available to the SEA.

- 3.6 Earmarked reserves have been set aside for the SEA to meet the cost of Green Space projects within Hinckley. This reserve at 31 March 2014 is projected to be £206,685 based on the following movements

	£
Balance at 1 st April 2012	47,881
Transfer to reserves 2012/13	177,000
Capital Expenditure funding	<u>-75,000</u>
Estimated balance at 31 st March 2013	<u>149,881</u>
Transfer to reserves 2013/14	56,804
Capital Expenditure funding	<u>0</u>
Estimated Balance at 31 March 2014	<u><u>206,685</u></u>

Total Council Budget for 2013/14

3.7 The total overall budget for 2013/14 in the direct control of the Council is therefore:

Table 3 - Total Council Budget 2013/14

	Original Estimate 2012/13	Revised Estimate 2012/13	Original Estimate 2013/14
	£	£	£
HBBC Budget Requirement (Table 1)	9,825,274	9,825,274	9,997,053
Special Expenses Budget Requirement (Table 2)	610,460	659,020	646,234
Total Council Controlled Budget Requirement	10,435,734	10,484,294	10,643,287

Revised Original Budget 2012/13

3.8 As part of setting the budget for 2013/14, a formal revised budget for 2012/13 has not been prepared as the original budget has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Table 1 however identifies that additional saving of £1,440,129 have been identified in year which can be broken down as follows:

	£
Developer incentive received for the Hinckley Hub	750,000
Savings from rental and service costs following delay in movement to the Hinckley Hub	90,000
Salary Savings	227,000
Additional development control income	100,000
Additional recycling income received	150,000
Support service savings (legal, ICT and finance)	96,000

Other small savings

27,129
<u>1,440,129</u>

It should be noted that the salary savings arise from managing vacancies and not from any reductions in the year in the Council's establishment.

Original Budget 2013/14 – assumptions and process

- 3.9 The 2013/14 General Fund revenue budget has been prepared following a robust budget process outlined in the 2013/14 Budget Strategy, presented to Executive and the Finance, Audit and Performance Select Committee in October 2012. As outlined in the Strategy, the budget was based on the 2012/13 original budget after removing all one off growths.
- 3.10 The budget has been created within clear links to the Councils strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.11 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) in July 2012 was 3.2%, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.12 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2013/14 estimates include a 1% increase for all employees to reflect the agreed pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 4% (£262,123) has been applied to posts to reflect the savings will result from this challenge.
- 3.13 Service Growths totalling £127,200 endorsed by the Strategic Leadership Board have been included in the draft budget. In comparison, service managers and the Corporate Operations Board (COB) have identified £600,300 savings through review of income streams and expenditure levels. The base budget has therefore been reduced by this value for all future years.
- 3.14 The Leicestershire Pension Fund was re-valued as at 31 March 2010 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An employers contribution rate of 18.5% has been for

the 2013/14 budget with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider.

Original Budget 2013/14 – key issues and considerations

3.15 In addition to service priorities, there are a number of wider issues, identified in the Budget Strategy and previously in the Medium Term Financial Strategy. A summary of these items and how they have been address in the budget is provided below

Current Financial Position including Working Balances/Level of Reserves

3.16 The Council has the following policies relating to levels of balances and reserves:

- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council’s budget requirement. Based on the forecast position for 2012/13 this would determine a need for £982,557 of General Fund balances and £999,705 based on the draft 2013/14 budget. The proposals in this budget report meet this minimum level as indicated in Table 4.
- Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
- There should be no direct contribution from revenue to capital except for specific identified projects.
- Any notional profit earned by the Direct Service Organisations will be transferred to general fund balances.

3.17 The projected movement of the General Fund Balances is detailed below and indicates that sufficient balances are forecast as at 31st March 2014. It should be noted that the transfer from balances for 2012/13 includes £1,066,000 of excess balances that were moved to reserves and does not represent over spends.

Table 4

	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2012	2,293	2,069	224
Amount Taken to (+) from (-) Balances 2012/13	-787	-735	-52
Balances at 31 March 2013	1,506	1,334	172

Amount Taken to (+) from (-) Balances 2013/14	-69	-69	0
Balances at 31 March 2014	1,437	1,266	172
Net budget requirement	10,643	9,997	646
Minimum balance requirement	1,064	1,000	65
Balance surplus (+) or requirement (-)	373	266	107

3.18 Appendix A provides a summary of earmarked General Fund reserves together with estimated movements during 2012/13 and 2013/14. Based on these calculations, it is estimated that the Council will hold £6,179,000 in earmarked reserves as at 31st March 2013 and £5,365,000 at 31st March 2014. A full review of the earmarked reserves position will be performed in April 2013 as part of the outturn reporting process Significant uses of reserves include:

Reserve	Transfer £'000	Use
<i>2012/13</i>		
Local Plan Reserve	116	Development of Earl Shilton and Barwell Area Action Plans and development policies
Future Capital Projects	611	This reserve was reduced in year and transferred to the Leisure Centre reserve to fund this specific future capital project
Carry forwards	136	Financing of revenue carry forwards from 2011/12
<i>2013/14</i>		
Local Plan	145	Development of Earl Shilton and Barwell Area Action Plans and development policies

3.19 In addition to this the following transfers have been proposed to reserves in 2013/14:

Reserve	Transfer £'000	Use
Benefits Reserve	62	This reserve is to allow for variances between estimates for housing benefits and subsidy received.
Business Rates Pooling	60	Following the 2013/14 Finance Settlement, the safety net threshold for this Council has been confirmed as £170,270. The reserve for business rates pooling has therefore been increased to this level to ensure

resilience should business rates fall.

Pensions Reserve	200	Following the deferral of pensions “opt in” for the Council to 2017, the cost of the additional pension contributions under this scheme have been placed in a reserve to plan for when the costs arise. This is in addition to the required transfer under accounting standards.
Markets Reserve	15	As identified in 3.32, market income has decreased in year and therefore a risk based reserve has been created to manage the impact of loss of income.
Cultural Services Wellbeing Reserve	30	This reserve provides for the potential loss of Sports and Physical Activity funding in 2013/14.

3.20 The following table compares the forecast balances in Balances and Reserves to the MTFs. The additional reserves balances can be attributed to the transfer approved by Council in September 2012 and the favourable balances to the savings forecast in the budget for 2013/14

	2013/14 Standstill £	2013/14 FS -5% £	2013/14 FS -10% £	Forecast 2013/14 £
Levels of Reserves	3,796,209	3,796,209	3,796,209	5,365,000
Levels of Balances	1,831,380	1,562,757	1,294,133	1,437,203

Local Government Finance Settlement

3.21 The Council’s budgets are highly sensitive to changes in the finance settlement and the ongoing impact of the 2010 Spending Review. The funding for this Council announced in the draft settlement, along with additional elements of financing is as follows::

Financing	2012/13 (£)	2013/14 (£)	Mvt (£)	Mvt (%)
Council Tax Support Grant	0	544,811	544,811	n/a
Council Tax Payer	3,614,949	3,296,339	-318,610	-8.81%
Council Tax Freeze Grant (2011/12)	105,810	104,914	-896	-0.85%
Council Tax Freeze Grant (2013/14)	0	42,579	42,579	n/a
RSG	102,163	2,992,354	2,890,191	
NNDR Baseline	5,270,283	1,990,732	3,279,551	-8.81%
New Homes Bonus	711,292	1,023,258	311,966	43.86%
Collection Fund Surplus	20,777	2,066	-18,711	90.06%
Total Financing	9,825,274	9,997,053	171,779	1.75%

3.22 The following points should be noted:

- Business Rates and RSG have been compared cumulatively in order to identify a total movement in block funding.
- The reduction in core funding for the Council i.e. RSG plus NNDR is therefore £389,360 or 7.25%. The Councils Medium Term Financial Strategy modelled the results for both a 5% and 10% decrease in funding and therefore sufficient resource has been planned for this movement in 2013/14
- Of the £544,811 allocated through Council Tax Support Grant, £143,000 will be allocated to parish councils. The decrease in Council Tax created by the reduction in Council Tax Base has been fully compensated by the General Fund element of the Council Tax Support Grant (£401,811)
- The Council Tax Freeze Grant for 2013/14 is 1% compared to the previous settlements of 2.5%. This grant will be confirmed following approval of the Council Tax for 2013/14
- At an overall financing level, the Council's funding is moderately comparable to prior year. This position has been achieved in part by the level of New Homes Bonus allocated in year. 25% of this funding will be transferred to parish councils

Outcomes of decisions on pooling of Business Rate

3.25 The Local Government Finance Bill allows local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments on growth are made into a local pool rather than paid to central government. Correspondingly, losses will be funded from the pool. Under pooling, these thresholds net thresholds are set at a pool level (i.e. the total of all individual thresholds)

3.26 Ten Leicestershire local authorities including all the District and Borough Councils, the City and County and Fire Authority have committed to

participating in a Leicester and Leicestershire business rates pool from 1st April 2013. Based on current forecasts for business rates in 2013/14, it is not currently anticipated that any levy payments will be required in year. However, the ongoing impact of these changes will require monitoring on a regular basis and will be reflected in the Councils Medium Term Financial Strategy

Implementation of a Local Council Tax Scheme (LCTS)

- 3.27 From 2013/14, Council Tax Benefit for non pensioners will be removed and instead, all individuals will be required to pay an element of Council Tax based on an agreed local scheme. From a budget perspective, this has resulted in the removal of Council Tax subsidy (£5,842,570 2012/13) and also Council Tax Benefit payments from the Collection Fund (£5,800,470 in 2012/13). The challenges faced from designing and implementing the new scheme will result in additional resource and ICT costs for the Authority. A local agreement has been reached that elements of these costs will be met by the major preceptors and the 2013/14 budget includes £20,664 of funding for this purpose. In addition, this Council has been granted £50,898 in New Burdens monies to fund the cost of implementing these changes.
- 3.28 From a financing perspective, the LCTS have the result of reducing the council tax base for the Council as income will only be received for a proportion of those properties previously in receipt of Council Tax Benefit. The proposed council tax base for this Council for 2013/14 has been impacted by -3,532.6 properties and, consequently council tax financing has reduced by £318,610 since prior year as indicated in 3.21.
- 3.29 In order to compensate for this loss, the Finance Settlement has included £544,811 of Council Tax Support Grant for this Council in 2013/14. £143,000 of this amount will be passed to parish councils to reduce the impact on their council tax bases. **It is not confirmed if similar funding will be available for future years and the risk of this will be reflected in the revised MTFs.**

New Homes Bonus

- 3.30 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing. The first awards were made in April 2011. For each additional new home built local authorities will receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use.
- 3.31 Based on the number of new properties brought into council tax from October 2011 to October 2012 this Council has been allocated £1,023,258 in New Homes Bonus for 2013/14. This includes the element of funding from previous allocations. As agreed in December 2011, 25% of this funding (£255,815) will be pass ported to parishes and have been reflected in service expenditure in the 2013/14 budget. It should be noted that although the government have confirmed that this stream of funding will continue for 6

years (this being the third year), there is no certainty beyond this period and given recent changes in local government finance there is a small risk that the funding could be reduced before the end of this period. This risk will be reflected in the next revision of the MTFs.

Income Reductions

3.32 A significant proportion of the Council's overall income comes from fees and charges levied on particular services provided by the Council. In the current climate, levels of income are extremely volatile and a number of movements have arisen in 2012/13 which have been taken into account in the 2013/14 budget. These include:

- Additional forecast income for development control of circa £100,000 following large applications such as the Barwell SUE
- An increase in trade waste collection from commercial customers of £36,000. Recycling sales and credits have also increased by £24,000 to reflect the larger collection sizes
- £18,000 additional planning fees following review of charging regimes for all elements of this service
- Car Parking fees have remained in line with budget in year, though penalty charge notice income is forecast to increase by around £4,000. The 2013/14 budget takes into account the impact of car parking income following relocation of the Council offices from Argents Mead and also the revision in the short stay charges.
- Market income has been adversely affected in 2012/13 due to a decrease in street sellers and adverse weather conditions. The 2013/14 budget includes a reserve for £15,000 to manage the impact of losses in income.

3.33 The 2013/14 budget should be read in conjunction with the Council's Fees and Charges book for 2013/14 which is to be presented to Council on 21st February 2013. This document reflects the annual review of all Council income streams and any variations in charging regimes.

Economic Outlook

3.34 In recent years the country has faced unprecedented levels of public sector borrowing which have reached a peak of 11.0% of Gross Domestic Product (GDP) in 2009/10. The Government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.

3.35 The Base Rate is currently 0.5% and has been at this historically lower level since March 2009. This level has been assumed in the 2013/14 budget to ensure that a prudent level of investment income is assumed. Net interest costs for the Council have been estimated at £134,240 and are based on a detailed cash flow and borrowing forecast for the forthcoming year.

Major Projects

- 3.36 Appropriate provision has been made in the budget for the revenue consequences of the Council's Major Projects in 2013/14. As these are primarily Capital projects, the full impact is detailed in the Capital Programme. The Capital Programme also details the capital financing of a number of large schemes which will commence in 2014/15, including the capital build of the new leisure centre.
- 3.37 The Council received in 2012/13, final approval of Regional Growth Funding for the development of the A5 and association infrastructure at the MIRA Enterprise Zone. The value of this funding is £19, 474,029. As the majority of these funds will be held by the Council "on trust" before payment to MIRA, these are not reflected in the Council's expenditure budget for 2013/14

COUNCIL TAX

- 3.38 One of the directions of the Comprehensive Spending Review (CSR10) published in October 2010 was that Council's should seek to set a zero increase in council tax where possible for the years of the spending review. In 2013/14, the Government has announced a 1% Council Tax Freeze Grant for those Councils who achieve this objective. This is in addition to the previous 2.5% grants offered in previous years.
- 3.39 In order to curb excessive increases in council tax, the Secretary of State for Communities and Local Government has announced that for 2013/14 Councils setting council tax increases of over 2% would need to carry out a referendum. This is a reduction from the 3.5% threshold set in prior year. The estimated cost of carrying out a referendum for this Borough would be between £110,000 and £120,000.
- 3.40 The 2013/14 budget has been based on a 0% increase in Council Tax. This will be presented to Council on 28th February 2013.

4 FINANCIAL IMPLICATIONS (KB)

As contained in the report.

5 LEGAL IMPLICATIONS (AB)

Section 25 of the Local Government Act 2003 requires the Deputy Chief Executive (Corporate Services) to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves. This report meets that obligation

6 CORPORATE PLAN IMPLICATIONS

Value for money services are provided where economies of scale are achieved whenever possible, without reducing (and where possible enhancing) the delivery experience

The budget will have an indirect impact on all other Corporate Plan targets.

7 CONSULTATION

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August/September 2012.

All budget holders, Corporate Operations Board and the Strategic Leadership Board have been consulted throughout the budget setting process.

8 RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S. Kohli

9 KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The Budget sets out the Council's expenditure plans and takes into account rural and equality issues

10 CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications

- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Contact Officer : Katherine Bennett, Head of Finance ext 5609

Executive Member : Councillor K.W.P. Lynch

Appendix A – General Fund Earmarked Reserves

	1st April 2012	Transfers	Transfers	Capital	31st March 2013	Transfers	Transfers	Capital	31st March 2014
	Balance	Out	In	Out	Forecast Balance	Out	In	Out	Forecast Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commutation & Feasibility Reserve	-288	35	0	85	-168	42	0	0	-126
Benefits Reserve	-271	0	-188	0	-459	11	-62	0	-510
Hub Future Rental Management Reserve	-250	0	-750	0	-1,000	85	0	0	-915
Special Expenses Reserve	-48	0	-177	75	-150	0	-57	0	-207
Local Plan Procedure	-440	116	-73	0	-397	145	0	0	-252
Atkins Partitioning	-9	0	0	0	-9	0	0	0	-9
Business Rates Pooling	0	0	-110	0	-110	0	-60	0	-170
Historic Buildings Loan Fund	-14	0	0	0	-14	0	0	0	-14
Relocation Reserve	-317	0	-346	348	-315	10	0	0	-305
Future Capital Projects	-611	611	0	0	0	0	0	0	0
Modern.E Gov Reserve	-3	0	0	0	-3	0	0	0	-3
Greenfields Reserve	-10	0	0	0	-10	0	0	0	-10
Community Safety	0	0	-3	0	-3	0	0	0	-3
Leisure	0	0	-1,059	100	-959	0	0	900	-59
Year End Carry Forwards	-136	136	0	0	0	0	0	0	0
Troubled Families	0	0	-90	0	-90	30	0	0	-60
Building Control Reserve	-134	0	0	0	-134	0	0	0	-134
Land Charges Reserve	-51	0	0	0	-51	0	0	0	-51
ICT Reserve	-254	0	0	41	-213	0	0	0	-213
Waste Management Reserve	-243	0	0	0	-243	0	0	15	-228
Project Management/Master Plan Reserve	-333	0	0	0	-333	0	0	0	-333
Shared Services Reserve	-74	0	0	0	-74	0	0	0	-74
Grounds Maintenance H&S Reserve	-25	0	0	0	-25	0	0	0	-25
Planning Delivery Grant Reserve	-172	36	0	15	-121	0	0	0	-121
Flexible Working Reserve	-15	0	0	0	-15	0	0	0	-15
IFRS Capacity Support Reserve	-2	2	0	0	0	0	0	0	0
Freedom of Information Training Reserve	-3	3	0	0	0	0	0	0	0
New Performance Improvement Reserve	-10	2	0	0	-8	0	0	0	-8

Housing Energy Cert Training Reserve	-11	0	0	0	-11	0	0	0	-11
Finance Capacity Fund Reserve	-20	0	0	0	-20	0	0	0	-20
Priority Improvements Reserve	-70	70	0	0	0	0	0	0	0
Workforce Strategy Reserve	-3	0	0	0	-3	0	0	0	-3
Election Reserve	-62	0	0	0	-62	0	0	0	-62
Grounds Maintenance	-50	0	0	14	-36	0	0	0	-36
Pension Reserve	-49	0	-119	0	-168	0	-200	0	-368
Transformation	-50	0	0	0	-50	0	0	0	-50
Markets Income Management Reserve	0	0	0	0	0	0	-15	0	-15
Cultural Services Wellbeing Reserve	0	0	0	0	0	0	-30	0	-30
Unapplied grants and contributions	-942	17	0	0	-925	0	0	0	-925
Total General Fund Earmarked Reserves	-4,970	1,028	-2,915	678	-6,179	323	-424	915	-5,365

SCRUTINY COMMISSION – 31ST JANUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE : HOUSING REVENUE ACCOUNT ESTIMATES 2013/14

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To provide Scrutiny Commission with a draft 2013/14 Housing Revenue Account (HRA) Budget ahead of submission to Council on 21st February 2013.

2. RECOMMENDATIONS

- 2.1 That the draft Housing Revenue Account and proposed reserve and balances movements be noted.

3. BACKGROUND TO REPORT

- 3.1 The budgets covered by this report relate to the Council's responsibilities as the landlord of around 3,400 dwellings. The Housing Revenue Account is the ring fenced account which presents financial performance for the following activities:

- Income from dwelling rents and associated charges, e.g. utilities
- Supervision & Management (General), e.g. lettings, waiting list, rent collection, tenant consultation
- Supervision & Management (Special) e.g. sheltered schemes, hostel, roads, paths, fences and grounds, which are not part of an individual property
- Housing Repairs & Maintenance, which has a separate account and deals with the maintenance of individual properties.

Revised 2012/13 budget

- 3.2 As part of setting the budget for 2013/14, a formal revised budget for 2012/13 has not been prepared as the original budget has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Appendix A however identifies that the forecast surplus on the Housing Revenue Account has decreased by £413,893 in year. The reasons for this movement are summarised below:

	£
Cost of conducting a stock validation survey to update details held on property archetype and bedroom numbers	59,613
Reforecast interest costs following confirmation of buy out debt	240,000
Additional transfer to regeneration reserve approved by Council (Sept 12)	114,280
	<u>413,893</u>

Draft 2013/14 Budget

- 3.3 2012/13 was the start of a new era in Council Housing. Until 2012/13 the Housing Revenue Account was subsidised by Central Government to provide support for social housing costs being greater than the rents that could be afforded by tenants. Under this "subsidy" scheme the rents paid by tenants were nationally pooled so that authorities where the expenditure need has been less than the rental income paid into the centre (negative subsidy) and those in the corresponding position received subsidy (positive subsidy).
- 3.4 In March 2012, all housing authorities "bought out" of the subsidy system by making a one off payment financed by borrowing. The payment for this Council was £67.652m. The Housing Revenue Account Business Plan outlined a repayment profile for this loan which would not commence until year 6 of "self financing". This profile and the removal of the subsidy system provides all housing Councils with financial flexibilities and surplus funds for investment. On this basis a "Regeneration Reserve" of £2.834million was created in September 2012 for this Council and will be increased to £10million over the next 5 years.
- 3.5 A summary of the HRA budgets is shown in the Table below and the detailed budgets shown in Appendix A, B and C.

	2012/13 Original Estimate	2012/13 Latest Estimate	2013/14 Original Estimate
	£	£	£
Housing Revenue Account			
Income	-11,696,460	-11,696,460	-12,322,830
Expenditure	11,932,690	9,512,583	10,524,940
Net Cost of Service	236,230	-2,183,877	-1,797,890
Transfer from Major Repairs Reserve	-818,740	-818,740	-850,780
Interest receivable and Pension Charges	-2,770	-2,770	-31,500
Transfer to other reserves	23,290	2,857,290	3,677,517
(Surplus)/Deficit on the year	-561,990	-148,097	997,347
Balance at 1 April	1,471,550	1,699,000	1,847,097
Balance at 31 March	2,033,540	1,847,097	849,750
Housing Repairs Account			
Administration	809,565	873,085	749,280
Programmed Repairs	555,410	555,410	555,410
Responsive Repairs	1,058,655	908,655	1,058,655
TOTAL Expenditure	2,423,630	2,337,150	2,363,345
Income	-2,402,560	-2,402,560	-3,039,430
Transfer to reserves	0	220,000	696,778

Net Expenditure	21,070	154,590	20,693
Balance at 1 April	-420,170	-473,000	-318,410
Balance at 31 March	-399,100	-318,410	-297,717

Below are a number of considerations and assumptions that have been taken into account in producing the HRA budget.

Service Priorities and links to other documents

- 3.6 The 2013/14 budget has been created within clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.7 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA 30 year Business Plan which was produced for this Council in conjunction with the Chartered Institute of Housing. The key objectives for future housing provision outlined in this document were taken into account in producing the budget and are as follows:
- Continue to invest in existing stock to maintain good quality homes
 - Invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
 - Refurbishment/regeneration of stock which no longer meets needs.
 - Environmental improvements to estates to ensure they are clean and safe.
 - Invest in service delivery
 - Develop and maintain effective engagement with tenants
- 3.8 A consultation exercise regarding the future spending on the Housing Revenue Account was issued in January 2013. The results of this and member/officer working groups will further inform priorities around HRA spending. It should therefore be noted that the draft budget is considered a "holding budget" and will be reforecast and re-approved following this process.

Budget Assumptions and the Budget Strategy

- 3.9 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) in July 2012 was 3.2%, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.10 The salaries and wages budget is one of the most significant expenditure budgets for the HRA. For pay costs, the 2013/14 estimates include a 1% increase for all employees to reflect the agreed pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 4% has been applied to posts to reflect the savings will result from this challenge.
- 3.11 The Leicestershire Pension Fund was re-valued as at 31 March 2010 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner

over a number of years and valuations. An employers contribution rate of 18.5% has been for the 2013/14 budget with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider.

Stock condition information

- 3.12 A Stock Condition Survey (SCS) was procured by the Council in 2012/13 and performed by Savills. Through this process, 20% of properties were surveyed in order to provide detailed information on the timing and nature of works required to maintain the condition of the Council's stock.
- 3.13 The outputs and results of this survey have been factored into the HRA Capital Programme and also the Housing Repairs budget in year. As noted in 3.8, these budgets will be reconsidered following the conclusion of the HRA consultation process.

Working Balances/Level of Reserves

- 3.14 The Council has the following policies relating to levels of balances and reserves in the HRA:
- Maintain HRA balances (non earmarked) at a minimum of £600,000. This minimum balance has been re-visited as part of the 2013/14 budget process and revised to the equivalent of £250 per property. For the 2013/14, this equates to minimum balances of £849,750 based on 3,399 properties
 - Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
 - There should be no direct contribution from revenue to capital except for specific identified projects.
- 3.15 The projected movement of the Housing Revenue Account Balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2014 based on the minimum balance thresholds outlined in 3.14.

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
Relevant Year Opening Balance at 1st April	(1,471,550)	(1,699,000)	(1,847,097)
Relevant Year Closing Balance at 31st March	<u>(2,033,540)</u>	<u>(1,847,097)</u>	<u>(849,750)</u>

- 3.16 Appendix D provides a summary of earmarked HRA reserves together with estimated movements during 2012/13 and 2013/14. Based on these calculations, it is estimated that the Council will hold £3,311,000 in earmarked HRA reserves as at 31st March 2013 and £6,721,000 at 31st March 2014. The following transfers to reserves include:

Reserve	Transfer £'000	Use
Piper Alarm	10	Reserve set aside for additional costs that may be incurred on provision of the Piper Alarm service. This service is currently under review by the Council
Regeneration Reserve	2,594	This reserve has been set aside to fund

		the implementation of the Housing Investment Plan. This will be reviewed following the consultation exercise on HRA spending. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account
Repayment Reserve	1,725	An amount will be set aside each year from the HRA to plan for the repayment of the housing subsidy debt
Pensions Reserve	45	Following the deferral of pensions “opt in” for the Council to 2017, the cost of the additional pension contributions under this scheme have been placed in a reserve to plan for when the costs arise. This is in addition to the required transfer under accounting standards

Rent Increases

- 3.17 Under self financing, Council landlords have been granted additional flexibility in setting rent levels and rent determinations are no longer published to prescribe the process. That said, the principle of rental convergence still applies under self financing and the Housing Revenue Account Business Plan for this Council continues to be based on a convergence date of 2015/16.
- 3.18 In order to achieve the objective of convergence, the proposed rent for 2013/14 has been calculated using the same principles as previously adopted. In applying this, a blanket increase of RPI + ½% (Retail Price Index) has been calculated, where RPI is 2.6%. In addition, the proposed rent has been increased by a proportion of the difference between the inflated rent and the target rent for the property. This proportion is based on the number of years to convergence (3 years).
- 3.19 In order to ensure that rents are not increased excessively, the previous rental formula included rental constraint devices (known as caps and limits). The cap dictates the total amount that can be charged for each property based on the number of bedrooms. In addition, the limit states that no tenants’ rent can be increased by more than RPI + 0.5% + £2 year on year. Whilst these limits are no longer mandated, the proposed rental calculation has retained these principles to prevent against disproportionate rental increases.
- 3.20 Based on this calculation, the average rental increase for this Council for 2013/14 has been calculated at **5.49%**. This is materially in line with the Councils Housing Revenue Account 30 year Business Plan prepared by the Chartered Institute of Housing which forecast a rental increase of 5.5% for the forthcoming year. After factoring in void losses of 2%, this increase will generate forecast rental income of £ 12,230,600 in 2013/14 (5.36%).

4. FINANCIAL IMPLICATIONS (KB)

As contained in the report.

5. LEGAL IMPLICATIONS (AB)

Contained in the body of the report

6. CORPORATE PLAN IMPLICATIONS

The proposed budgets will allocate resources to enable the Council to achieve its objectives for its own housing stock.

7. CONSULTATION

Relevant council officers have been consulted in the preparation of the budgets. In addition TAP have been consulted on rent levels proposed.

A full consultation on HRA spending priorities is currently in progress and the draft budget will be updated to reflect any relevant outcomes.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S. Kohli

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The budget will allow management and maintenance of properties throughout the Borough in accordance with the HRA Business Plan.

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management Implications
- Human Resources Implications
- Planning Implications
- Voluntary Sector

Contact Officer : Katherine Bennett, Head of Finance ext 5609

Executive Member : Councillor K.W.P. Lynch

Appendix A

Housing Revenue Account draft budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
SUMMARY HOUSING REVENUE ACCOUNT			
INCOME			
Dwelling Rents	(11,608,250)	(11,608,250)	(12,230,600)
Non Dwelling Rents	(72,380)	(72,380)	(75,890)
Contributions to Expenditure	(15,830)	(15,830)	(16,340)
	(11,696,460)	(11,696,460)	(12,322,830)
EXPENDITURE			
Supervision & Management (General)	1,421,930	1,481,523	1,689,960
Supervision & Management (Special)	593,220	593,240	589,360
Contribution to Housing Repairs A/C	2,400,000	2,400,000	3,032,000
Depreciation	2,935,470	2,935,470	2,967,510
Capital Charges : Debt Management	3,770	3,770	17,240
Increase in Provision for Bad Debts	50,000	50,000	110,500
Interest on borrowing	1,808,580	2,048,580	2,118,370
	9,212,970	9,512,583	10,524,940
Net Cost of Services	(2,483,490)	(2,183,877)	(1,797,890)
Transfer from Major Repairs Reserve	(818,740)	(818,740)	(850,780)
Interest Receivable	(650)	(650)	(10,850)
FRS17 Adjustment	(2,120)	(2,120)	(20,650)
Net Operating Expenditure	(3,305,000)	(3,005,387)	(2,680,170)
CONTRIBUTIONS			
Contribution to Piper Alarm Reserve	10,400	10,400	10,400
Contribution to Pensions Reserve	12,890	12,890	42,030
Contribution to Repayment Reserve	0	0	1,725,087
Transfer to Regeneration Reserve	2,719,720	2,834,000	1,900,000
(Surplus) / Deficit	(561,990)	(148,097)	997,347

Appendix B

Supervision and Management Draft Budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
SUPERVISION & MANAGEMENT (GENERAL)			
Employees	572,570	572,570	628,030
Premises Related Expenditure	95,390	95,390	89,480
Transport Related Expenditure	17,510	17,510	19,200
Supplies & Services	116,970	176,558	115,010
Central & Administrative Exp	672,420	672,420	884,380
Gross Expenditure	1,474,860	1,534,448	1,736,100
Revenue Income	(52,930)	(52,925)	(46,140)
Net Expenditure to HRA	1,421,930	1,481,523	1,689,960
SUPERVISION & MANAGEMENT (SPECIAL)			
Employees	574,110	574,130	596,660
Premises Related Expenditure	380,750	381,558	398,490
Transport Related Expenditure	11,640	11,640	11,260
Supplies & Services	134,960	134,960	133,960
Central & Administrative Exp	166,870	166,870	132,250
Gross Expenditure	1,268,330	1,269,158	1,272,620
Revenue Income	(622,860)	(623,668)	(629,340)
Recharges	(52,250)	(52,250)	(53,920)
Total Income	(675,110)	(675,918)	(683,260)

Net Expenditure to HRA	593,220	593,240	589,360
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Appendix C

Housing Repairs Account Draft Budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT			
Administration			
Employee Costs	356,960	356,980	310,120
Transport Related Expenditure	15,340	15,340	8,140
Supplies & Services	143,365	206,865	143,340
Central Administrative Expenses	293,900	293,900	287,680
Total Housing Repairs Administration	809,565	873,085	749,280
Programmed Repairs	555,410	555,410	555,410
Responsive Repairs	1,058,655	908,655	1,058,655
GROSS EXPENDITURE	2,423,630	2,337,150	2,363,345
Contribution from HRA	(2,400,000)	(2,400,000)	(3,032,000)
Interest on Cash Balances	(2,020)	(2,020)	(2,480)
Enhancement Exp Recovered and Other	0	0	0
FRS17 Adjustment	(540)	(540)	(4,950)
TOTAL INCOME	(2,402,560)	(2,402,560)	(3,039,430)
Opt in Contributions to Pension Reserve	0	0	3,200
Contribution to HRA Reserves	0	220,000	693,578
NET EXPENDITURE	21,070	154,590	20,693
Opening Balance at 1st April	(420,170)	(473,000)	(318,410)

Closing Balance at 31st March

(399,100)

(318,410)

(297,717)

Housing Revenue Account Earmarked Reserves

	1st April 2012	Transfers	Transfers	Capital	31st March 2013	Transfers	Transfers	Capital	31st March 2014
	Balance	Out	In	Out	Forecast Balance	Out	In	Out	Forecast Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Piper Balance	-126	0	-10	0	-136	0	-10	0	-146
HRA Communal Furniture	-4	0	0	0	-4	0	0	0	-4
HRA Unapplied Grants and Contributions	-6	0	0	0	-6	0	0	0	-6
HRA Regeneration Reserve	0	0	-3,054	220	-2,834	0	-2,594	943	-4,485
HRA Repayment Reserve	0	0	0	0	0	0	-1,725	0	-1,725
HRA Pensions Contribution Element	0	0	-13	0	-13	0	-45	0	-58
HRA Housing Repairs Account	-473	155	0	0	-318	21	0	0	-297
Total HRA Earmarked Reserves	-609	155	-3,077	220	-3,311	21	-4,374	943	-6,721

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SCRUTINY COMMISSION 31ST JANUARY 2013

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: CAPITAL PROGRAMME 2012/2013 TO 2015/16

1.0 PURPOSE OF REPORT

1.1 To consider the Capital Programme for the years 2012/13 to 2015/16.

2.0 RECOMMENDATIONS

2.1 That the Scrutiny Commission consider the proposed Capital Programme for the years 2012/13 to 2015/16 ahead of submission to Council.

3.0 BACKGROUND TO THE REPORT

3.1 Requests for capital projects have been submitted by project officers and reflect outcomes from the officers Capital Forum Group. The attached programme in Appendix A assumes a virtual standstill position on schemes for future years. Projects have been re-profiled in line with the latest spending and external funding forecasts.

3.2 The pressure on future funding of the capital programme and the depletion of reserves has been raised previously with members and reported to Council.

3.3 The programme assumes sites which have been recommended for disposal by the Strategic Asset Management Group.

3.4 Within the current financial year there may be an under spend on Private Sector Housing on minor and major works of around £90,000. Cases are now reported through the Papworth Trust instead of the Care of Repair Agency. It is hoped that the time taken between approving grants and works being undertaken will reduce. Additionally Papworth Trust will be paid on percentage basis per case. It is therefore anticipated that the referrals will be processed more efficiently. The Disability Facilities Grant (DFG) budget has therefore been adjusted to reflect this.

3.5 The HRA capital programme has been based on the HRA Business plan and the outcomes of the stock condition survey. The current profile of the stock condition survey is being reviewed to take into account work that has already been completed as part of the 11/12 programme. Additionally, changes may be considered following the results of the tenant consultation on HRA spend.

3.6 The programme includes the capital cost of the new leisure centre. This has been estimated at £7,500,000 (the "essential" scheme). Short term financing arrangements will have to be put in place to cover capital costs before funding is obtained from the sale of current Leisure Centre site receipts from the Bus Station Development.

3.7 It should be noted that at the request of members, the "Members' IT" capital project has been removed from the proposed programme.

4.0 PROGRAMME TO 2016-17 – FUNDING IMPLICATIONS

4.1 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised in Table 1. Based on Current expenditure proposals the reserve will be fully utilised in 2014/15. Receipts assumptions are based on the following:

- Right to buy sales of £100,000 per annum;
- Disposal of the current depot site in March 2014 for £2,250,000;
- A receipt of £1,800,000 for the current leisure centre site in 2015/16; and
- Bus Station Development receipts of £2,750,000 phased between 2014/15 and 2016/17.

Table 1

	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's
Opening Bal	1,049	450	1,592	0
Receipts	1,478	3,569	1,795	1,900
Funding used	2,077	2,427	3,387	0
Debt Repayment	0	0	0	1,900
CI (Bal)	450	1,592	0	0

4.2 Due to the phasing of capital receipts, additional short term borrowing of £2,514,000 will be needed to fund the current programme. This will have to be repaid in 2015/16 and 2016/17. The cost of this borrowing (based on current rates) is estimated to be £25,000 in 2014/15 and £88,000 in 2015/16. This requirement is within the Council's borrowing limits that will be set out within the Councils Treasury and Prudential Indicator Report.

5.0 NEW BIDS

5.1 The following new capital bids were received as part of the budget setting process:-

A. Wheeled Bins

Supply of containers for new properties built for SUE's at Barwell and Earl Shilton in accordance with the April 2012 trajectory. If development takes place the gross costs are estimated to be £37,924 between 2013/14 and 2015/16. Potentially this could be funded from capital reserves.

B. Parks and Open Spaces

Upgrade Parks and Open Spaces from agreed s106 contributions. Associated maintenance costs excluding inflation have also been earmarked for 20 years. The schemes will be funded from sections106 so their will be no additional capital cost from HBBC resources.

The estimated capital costs are summarised below:-

Description	£000's 2013/14	£000's 2014/15	£000's 2015/16	£000's Total
Queens Park - Site improvements	0	0	16	16
Clarendon - Creating a community park	0	5	27	32
Richmond - Play area improvements	0	20	0	20
Preston Way - Play area and other site improvements	51	0	0	51
Waterside - Site improvements (subject to adoption)	0	1	0	1
Hollycroft - Landscaping	3	0	0	3
Brodict Rd and Langdale Landscaping	2	0	0	2
Derby Rd New play area	3	7	0	10
	59	33	43	135

6.0 FINANCIAL IMPLICATIONS (IB)

- 6.1 Capital resourcing and borrowing implications arising from this report will be reflected within the Medium Term Financial Strategy and the Prudential Code (Treasury Management) report.

General Fund

- 6.2 The additional cost of borrowing in 2013/14 will be £54,780 (MRP of £25,550 and estimated interest of £29,230).
- 6.3 If capital receipts are not realised, additional borrowing costs will be incurred. Alternately the current programme will need to be reduced. The estimated use of reserves included within the programme are as follows:-

	Current Bal £000's	yr 12/13 £000's	yr 13/14 £000's	yr 14/15 £000's	yr 15/16 £000's
Commutation & Feasibility Reserve	-288	85	0	0	0
Special Expenses Reserve	-225	75	0	0	0
Relocation Reserve	-622	348	0	0	0
Leisure	-1,059	100	900	0	0
ICT Reserve	-254	41	0	0	0
Waste Management Reserve	-243	0	15	26	32
PDG Reserve	0	15	0	0	0
Grounds Maintenance	-50	14	0	0	0
	-2,741	678	915	26	32

HRA Capital

6.5 For 2013/14 an additional borrowing cost of £24,500 has been included. Funding for the rest of The HRA capital programme will be met from the HRA Major Repairs Reserve and The Regeneration Reserve. The position allows of the "Regeneration Reserve" and headroom under self financing to remain available for other schemes.

7.0 LEGAL IMPLICATIONS (AB)

7.1 None arising directly from the report.

8.0 CORPORATE PLAN IMPLICATIONS

8.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has to contribute to the achievement of the Council's vision, as set out in the Corporate Performance Plan.

9.0 CONSULTATION

9.1 Expenditure proposals contained within this report have been submitted after officer consultation. Appropriate consultation with relevant stakeholders takes place before commencement of individual projects.

10.0 RISK IMPLICATIONS

10.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

10.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

Management of Significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
If the schemes were not implemented this would impact on Service Delivery. It would also mean an inability to meet corporate plan objectives and have an impact on the reputation of the Council.	Projects are to be managed through an officer capital forum group and reported to SLB on a quarterly basis. Monthly financial monitoring statements are provided to project officers and the programme will now be reviewed twice a year.	Individual Project Officers/ Capital Forum
The risk of external funding not being granted. This would result in additional borrowing costs in the short term if funding is delayed or long term if funding is withdrawn.	Six monthly review of capital programme would mean that it is easier to switch resources.	Project Officer / Accountancy section
Risk of Capital Receipts not being realised.	The Executive approve the disposal of surplus assets as recommended by the Asset Management Strategy Group	Estates and Asset Manager/Deputy Chief Executive (Corporate Direction)

11.0 KNOWING YOUR COMMUNITY - EQUALITY AND RURAL IMPLICATIONS

11.1 The programme contains schemes which will assist in equality and rural development. Equality and rural issues are considered separately for each project.

12.0 CORPORATE IMPLICATIONS

12.1 The Council has an agreed corporate approach to project management. This approach has been developed in collaboration with the Leicestershire and Rutland Improvement Partnership. This approach ensures that a consistent and coherent approach is applied across the Council (and across the county).

12.2 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Capital Estimates 12/13 – 15/16

Contact Officer: Ilyas Bham ext. 5924

Lead Member: Cllr KWP Lynch

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CAPITAL ESTIMATES 2011-2012 to 2014-2015 SUMMARY

Appendix A

	TOTAL COST	ESTIMATE 2012-13	ESTIMATE 2013-14	ESTIMATE 2014-15	ESTIMATE 2015-16
	£				
SECTION 1 (Leisure and Environment)	8,715,107	611,627	2,275,160	5,611,160	217,160
SECTION 2 (Planning)	1,982,640	1,719,400	153,245	43,943	66,052
SECTION 3 (Central Services)	1,682,951	1,037,501	595,450	40,000	10,000
HOUSING (General Fund)	2,068,311	361,261	782,350	462,350	462,350
Sub-Total General Fund	14,449,009	3,729,789	3,806,205	6,157,453	755,562
Resources : Capital Receipts	3,903,802	2,077,000	1,326,802	500,000	0
Supported Borrowing GF	426,400	106,600	106,600	106,600	106,600
Unsupported Borrowing GF	1,967,336	867,718	357,803	124,853	616,962
Leisure Centre Reserve	1,000,000	100,000	900,000	0	0
Leisure Centre Cap Rec	2,200,000	0	1,100,000	1,100,000	0
Leisure Centre Temporary Financing	4,300,000	0	0	4,300,000	0
Contribution from reserves GF	651,471	578,471	15,000	26,000	32,000
Contribution from reserves HRA	-	0	0	0	0
	14,449,009	3,729,789	3,806,205	6,157,453	755,562

SECTION 1

	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	422,300	122,300	100,000	100,000	100,000
Parks Major works					
Total Annual Expenditure(ALL HBBC)	135,660	45,660	30,000	30,000	30,000
Richmond Park Play Area					
Total Annual Expenditure	300,000	220,000	80,000		
External Funding (FA)	(149,823)	(109,823)	(40,000)		
Total Annual Expenditure(ALL HBBC)	150,177	110,177	40,000	0	0
Burbage Common					
Total Annual Expenditure	153,820	118,820	35,000		
Less 6c's grant	(8,000)	(8,000)			
HBBC Element	145,820	110,820	35,000	0	0
Memorial Safety Programme					
Total Annual Expenditure(ALL HBBC)	20,640	5,160	5,160	5,160	5,160
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	285,940	62,940	65,000	76,000	82,000
Blue Bin Recycling					
Total Annual Expenditure(ALL HBBC)	28,700	28,700	0	0	0
Churchyard Repairs					
Total Annual Expenditure(ALL HBBC)	2,370	2,370	0	0	0
Grounds Maintenance Machinery					
Total Annual Expenditure(ALL HBBC)	16,480	16,480	0	0	0
Brodick Road Woodlands Scheme					
Total Annual Expenditure(ALL HBBC)	7,020	7,020	0	0	0
Billa Barra Improvements					
Total Annual Expenditure	10,980	10,980			
Less contributions	(10,980)	(10,980)			
HBBC ELEMENT	0	0	0	0	0
Lesiure Centre					
Total Annual Expenditure	7,500,000	100,000	2,000,000	5,400,000	
HBBC ELEMENT	7,500,000	100,000	2,000,000	5,400,000	0
TOTAL GROSS EXPENDITURE	8,883,910	740,430	2,315,160	5,611,160	217,160
LESS TOTAL CONTRIBUTIONS	(168,803)	(128,803)	(40,000)	0	0
TOTAL HBBC ELEMENT	8,715,107	611,627	2,275,160	5,611,160	217,160

SECTION 2

Borough Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

Car Park Resurfacing

Total Annual Expenditure(ALL HBBC)

Barwell Shop Front Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

Depot Relocation

Total Annual Expenditure
 HBBC Element

Barwell Wall Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

TOTAL GROSS EXPENDITURE
LESS TOTAL CONTRIBUTIONS
TOTAL HBBC ELEMENT

TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
216,900	66,900	50,000	50,000	50,000
(65,000)	(20,000)	(15,000)	(15,000)	(15,000)
151,900	46,900	35,000	35,000	35,000
58,240	0	18,245	8,943	31,052
14,500	14,500	0	0	0
(14,500)	(14,500)	0	0	0
0	0	0	0	0
1,758,000	1,658,000	100,000		0
1,758,000	1,658,000	100,000	0	0
680	680	0	0	0
(680)	(680)	0	0	0
0	0	0	0	0
2,048,320	1,740,080	168,245	58,943	81,052
(80,180)	(20,680)	(15,000)	(15,000)	(15,000)
1,968,140	1,719,400	153,245	43,943	66,052

SECTION 3

	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013/14	ESTIMATE 2014/15	ESTIMATE 2015/16
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	98,000	38,000	60,000	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	229,000	209,000	10,000	0	10,000
Rolling Server Review					
Total Annual Expenditure(ALL HBBC)	40,000	0	0	40,000	0
Financial System					
Total Annual Expenditure(ALL HBBC)	13,390	13,390	0	0	0
Council Office Relocation					
Total Annual Expenditure	1,100,000	644,550	455,450		
Less Private contribution	(3,429)	(3,429)			
HBBC Element	1,096,571	641,121	0	0	0
HR/Payroll					
Total Annual Expenditure(ALL HBBC)	2,090	2,090	0	0	0
Electronic Meter Reading					
Total Annual Expenditure(ALL HBBC)	20,000	20,000	0	0	0
Demolition of Argents Mead Offices					
Total Annual Expenditure(ALL HBBC)	100,000	30,000	70,000	0	0
Transformation					
Total Annual Expenditure(ALL HBBC)	5,000	5,000	0	0	0
Atkins partitionng Phase 3					
Total Annual Expenditure(ALL HBBC)	60,900	60,900	0	0	0
Mobile Web					
Total Annual Expenditure(ALL HBBC)	18,000	18,000	0	0	0
TOTAL GROSS EXPENDITURE	1,686,380	1,040,930	595,450	40,000	10,000
LESS TOTAL CONTRIBUTIONS	(3,429)	(3,429)	0	0	0
TOTAL HBBC ELEMENT	<u>1,682,951</u>	<u>1,037,501</u>	<u>595,450</u>	<u>40,000</u>	<u>10,000</u>

GENERAL FUND HOUSING

	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
Major Works Assistance HBBC ELEMENT	710,000	140,000	190,000	190,000
Minor Works Assistance HBBC ELEMENT	320,000	50,000	90,000	90,000
Papworth Trust Total Annual Expenditure(ALL HBBC)	137,050	25,000	37,350	37,350
Disabled Facilities Grants Total Annual Expenditure Less Government Grant HBBC ELEMENT	1,677,000 (775,739) 901,261	400,000 (253,739) 146,261	639,000 (174,000) 465,000	319,000 (174,000) 145,000
TOTAL GROSS EXPENDITURE	2,844,050	615,000	956,350	636,350
LESS TOTAL CONTRIBUTIONS	(775,739)	(253,739)	(174,000)	(174,000)
TOTAL HBBC ELEMENT	2,068,311	361,261	782,350	462,350

HOUSING REVENUE ACCOUNT (CAPITAL PROJECTS)

PROJECT	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
Tenant Led Community Projects	40,000	20,000	20,000	0	0
Kitchen Improvements	999,100	438,210	560,890	0	0
Central Heating Replacement	740,780	402,620	338,160	0	0
Low Maintenance Doors	63,160	31,160	32,000	0	0
Electrical Testing / Upgrading	504,110	184,110	320,000	0	0
Programmed Enhancements	638,730	318,730	320,000	0	0
Single to Double Glazing	29,000	9,000	20,000	0	0
Re-roofing	95,910	32,910	63,000	0	0
Housing Repairs Software system	70,000	70,000	0	0	0
Orchard System Upgrade	111,290	111,290	0	0	0
Sheltered Housing Improvements	11,000	11,000	0	0	0
Major Void Enhancements	2,556,150	624,150	780,000	576,000	576,000
Adaptations for Disabled People	1,241,500	357,150	288,000	259,283	337,067
Future Major Works	5,442,455	0	0	2,371,610	3,070,845
Improvements	382,461	0	0	181,234	201,227
Garages	52,796	0	0	22,064	30,732
Exceptional Extensive items and Contingencies	771,998	0	252,972	225,664	293,362
	13,750,440	2,610,330	2,995,022	3,635,855	4,509,233

Funding

Regeneration Reserve	13,192,110	2,052,000	2,995,022	3,635,855	4,509,233
Earmarked Reserves	220,000	220,000	0	0	0
Borrowing	338,030	338,030	0	0	0
	13,750,140	2,610,030	2,995,022	3,635,855	4,509,233

SCRUTINY COMMISSION - 31 JANUARY 2013

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES – SETTING OF PRUDENTIAL INDICATORS 2012/13 – 2013/14 AND TREASURY MANAGEMENT STRATEGY 2013/14-15/16

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. Purpose of Report

This report outlines the Council's prudential indicators for 2012/13 - 2015/16 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators**, setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities - Section A). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice;
- The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007 - also Section A);
- The **treasury management strategy statement** which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Section B;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance. And also shown in Section B.

The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

2. Recommendations

Members note the key elements of these reports:

1. The Prudential Indicators and Limits for 2012/13 to 2015/16 contained within Section 3 Part A of the report, including the Authorised Limit Prudential Indicator.
2. The Minimum Revenue Provision (MRP) Statement contained within Section 3 Part A which sets out the Council's policy on MRP.

3. The Treasury Management Strategy 2012/13 to 2015/16, and the treasury Prudential Indicators contained within Section 3 Part B.
4. The Investment Strategy contained in the treasury management strategy Part 3 Section B and the detailed strategy in Appendix 1.

3. Background

- A) 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 monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management 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 risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

B) The Capital Prudential Indicators 2012/13 - 2015/16

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems.

The Council's capital expenditure plans are the key driver of treasury management activity. Financing of capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

2. Within this overall prudential framework there is an impact on the Council's treasury management activity - as it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 2012/13 to 2015/16 is included as Appendix B to complement these indicators. Some of the prudential indicators are shown in the treasury management strategy to aid understanding.

Where the Council is acting as accountable body and is required to keep fund separate from its main treasury activities, cashflow and treasury management implications will be reported separately at the appropriate level.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:
 - Service objectives (e.g. strategic planning);
 - Stewardship of assets (e.g. asset management planning);
 - Value for money (e.g. option appraisal);
 - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
 - Affordability (e.g. implications for the council tax and rents);
 - Practicality (e.g. the achievability of the forward plan).
4. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.
5. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.
6. The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.
7. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

Table 1

Capital Expenditure £'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	2,889	4,137	13,235	6,346	945
HRA	2,485	2,610	2,995	3,636	4509
HRA Settlement	67,652				
Total	73,026	6,747	16,230	9,982	5,454
Financed by:					
Capital receipts	426	2,077	2,247	1,600	0
Capital grants	317	421	232	189	189
Capital reserves	929	899	1,858	1,610	2,489
Revenue	2,071	2,052	2,052	2,052	2,052
Net financing need for the year	69,283	1,298	9,841	4,531	724

The Council's Borrowing Need (the Capital Financing Requirement)

8. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.

9. The Council is asked to approve the CFR projections below:

Table 2

£'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Financing Requirement					
CFR - Non Housing	15,237	15,719	24,796	28,563	28,523
CFR - Housing	69,956	70,294	70,294	70,294	70,294
Total CFR	85,193	86,013	95,090	98,857	98,817
Movement in CFR	68,642	820	9,077	3,767	-40

Movement in CFR represented by					
Net financing need for the year (above)	69,283	1,298	9,841	4,531	724
Less MRP/ VRP and other financing movements	641	478	764	764	764
Movement in CFR	68,642	820	9,077	3,767	-40

10. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). No revenue charge is required for the HRA.
11. CLG Regulations have been issued which require full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

Minimum Revenue Provision (MRP) Policy Statement.

12. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG Regulations (Option 1);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

13. From 1 April 2008 for all unsupported borrowing (including PFI and Finance Leases) the MRP policy will be

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

These options provide for a reduction in the borrowing need over approximately the asset's life.

14. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Table 3

£'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Fund balances	3,992	3,405	2,358	2,143	1,960
Capital receipts	1,050	449	1,591	0	0
Earmarked reserves	4,432	9,510	12,086	10,503	8,446
Provisions					
Contributions unapplied	949	949	949	474	0
Total Core Funds	10,623	14,313	16,984	13,120	10,406
Working Capital*	1,000	1,000	1,000	1,000	1,000
Under borrowing	10,641	11,462	11,420	15,448	15,669
Expected Investments	0	0	0	0	0

*Working capital balances shown are estimated year end; these may be higher mid year

Affordability Prudential Indicators

15. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:
16. **Actual and Estimates of the ratio of financing costs to net revenue stream –** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 4

%	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	6.05	5.69	8.49	8.32	8.16
HRA	40.3	40.5	40.3	40.1	40.0

17. The estimates of financing costs include current commitments and the proposals in this budget report.
18. **Estimates of the incremental impact of capital investment decisions on the Council Tax –** This indicator identifies the revenue costs associated with **proposed changes** to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.
19. **Incremental impact of capital investment decisions on the Band D Council Tax**

Table 5

£	Actual 2011/12	Proposed Budget 2012/13	Forward Projection 2013/14	Forward Projection 2014/15	Forward Projection 2015/16
Council Tax - Band D	0.08	0.93	8.72	0.49	-0.49

20. **Estimates of the incremental impact of capital investment decisions on Housing Rent levels** – Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

21. **Incremental impact of capital investment decisions Housing Rent levels.**

Table 6

£	Actual 2011/12	Proposed Budget 2012/13	Forward Projection 2013/14	Forward Projection 2014/15	Forward Projection 2015/16
Weekly Housing Rent levels	0.00	0.00	0.00	0.00	0.00

22. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

C) Treasury Management Strategy 2012/13 - 2013/14

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix A consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992.
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 30 June 2003.
3. As a result of adopting the Code the Council also adopted a Treasury Management Policy Statement (30 June 2003). This adoption is the requirements of one of the prudential indicators.
4. The Constitution require an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year, and a new requirement of the revision of the Code of Practice is that there is a mid-year monitoring report.

5. This strategy covers:

- The Council's debt and investment projections;
- The Council's estimates and limits on future debt levels;
- The expected movement in interest rates;
- The Council's borrowing and investment strategies;
- Treasury performance indicators;
- Specific limits on treasury activities;

Borrowing Projections 2012/13 - 2015/16

6. The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy

Table 7

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
External Debt				
Debt at 1 April	85,193	86,013	95,090	98,857
Expected change in debt	820	9,077	3,767	-40
Debt at 31 March	86,013	95,090	98,857	98,777
Operational Boundary	86,013	95,090	98,857	98,777
Investments				
Total Investments at 31 March	0	0	0	0
Investment change	0	0	0	0

7. The related impact of the above movements on the revenue budget are:

Table 8

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Revenue Budgets				
Interest on Borrowing	31	354	162	-2
Related HRA Charge	25	262	115	-1
Net General Fund Borrowing Cost	6	92	47	-1

Limits to Borrowing Activity

8. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
9. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (the relevant comparative figures are highlighted). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Table 9

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Gross Borrowing	86,013	95,090	98,857	98,817
Less Investments	0	0	0	0
Net Borrowing	86,013	95,090	98,857	98,817
CFR*	86,013	95,090	98,857	98,817

* - Under the Prudential Code revision any falls in the CFR are ignored.

10. The Deputy Chief Executive (Corporate Direction) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
11. The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
12. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.
13. The Council is asked to approve the following Authorised Limits:

Table 10

Authorised limit £'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	86,413	95,490	99,257	99,217
Other long term liabilities	0	0	0	0
Total	86,413	95,490	99,257	99,217

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total	72.0	72.0	72.0	72.0

14. Borrowing in advance of need – The Council has some flexibility to borrow funds this year for use in future years. The Deputy Chief Executive (Corporate Direction) may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Deputy Chief Executive (Corporate Direction) will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:
 - It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - Would not look to borrow more than 12 months in advance of need.

15. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

Expected Movement in Interest Rates

Table 11

Medium-Term Rate Estimates (averages) change

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

- Borrowing Rates

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy 2013/14 - 2015/16

16. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained for the borrowing excluding the HRA reform settlement.

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Deputy Chief Executive (Corporate Direction) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Borrowing In Advance

17. The Council will not borrow more, than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the current reporting mechanism.

Debt Restructuring

18. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

Investment Strategy 2012/13 – 2015/16

19. **Key Objectives** - The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. . The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. Following the economic background above, the current investment climate has one over-riding risk, counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy. Officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.
20. **Risk Benchmarking** - A development in the revised CIPFA's Management Code and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. Additional background in the approach taken is attached at Annex B2.
19. These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.
20. **Security** - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
- 0.24% historic risk of default when compared to the whole portfolio.
21. Liquidity – In respect of this area the Council seeks to maintain:
- Bank overdraft - £0.250m
 - Liquid short term deposits of at least £1m available with a week's notice.
 - Weighted Average Life benchmark is expected to be 0.5 years, with a maximum of 1 year.
24. Yield - Local measures of yield benchmarks are:
- Investments – Internal returns above the 7 day LIBID rate and in addition that the security benchmark for each individual year is:

Table 12

	1 year	2 years	3 years	4 years	5 years
Maximum	0.24%	0.78%	1.48%	2.24%	3.11%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

25. **Investment Counterparty Selection Criteria** - The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
26. The Deputy Chief Executive (Corporate Direction) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.
27. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
28. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
29. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:
- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
 - i) Are UK banks; and/or
 - ii) Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA.
- And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
- i) **Short Term** – F1
 - ii) **Long Term** – A
 - iii) **Individual / Financial Strength** – C (Fitch / Moody's only)
 - iv) **Support** – 3 (Fitch only)

- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
 - (a) wholesale deposits in the bank are covered by a government guarantee;
 - (b) the government providing the guarantee is rated “AAA” by all three major rating agencies (Fitch, Moody’s and Standard & Poors); and
 - (c) the Council’s investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- **Banks 3 - Eligible Institutions** - the organisation was considered an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions were subject to suitability checks before inclusion.
- **Banks 4** - The Council’s own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the Council will use all Societies which:
 - i) meet the ratings for banks outlined above
 - Or are both:
 - ii) Eligible Institutions; and
 - iii) Have assets in excess of £500m.
- **Money Market Funds** - AAA
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

A limit of 100% will be applied to the use of Non-Specified investments.

30. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council’s investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:
- no more than 5% will be placed with any non-UK country at any time;
 - limits in place above will apply to Group companies;
 - Sector limits will be monitored regularly for appropriateness.
31. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

32. **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

Table 13

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category	AAA	£5m	3yrs
Limit 2 Category	AA	£5m	3yrs
Limit 3 Category	A	£3m	2yrs
Other Institution Limits	-	£2m	1yr
Guaranteed Organisations	-	£2m	6mths

33. The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.
34. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
35. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.
36. **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid/late-2013. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
37. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Deputy Chief Executive (Corporate Direction) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.**
38. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

39. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and

investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Table 14

£m	2013/14 Estimated + 1%	2013/14 Estimated - 1%
Revenue Budgets		
Interest on Borrowing	0	0
Net General Fund Borrowing Cost	0	0
Investment income	0	0

Treasury Management Limits on Activity

40. There are four further treasury activity limits, which were previously prudential indicators. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable interest rate exposure – This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- Total principal funds invested for greater than 364 days - these limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

41. The Council is asked to approve the limits:

Table 15

£m	2013/14	2014/15	2015/16
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	16	16	16
Limits on variable interest rates based on net debt	4	4	4
Maturity Structure of fixed interest rate borrowing 2013/14			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£5m	£5m	£5m

Performance Indicators

42. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Debt - Borrowing - Average rate of borrowing for the year compared to average available
- Debt - Average rate movement year on year
- Investments - Internal returns above the 7 day LIBID rate

The results of these indicators will be reported in the Treasury Annual Report.

Treasury Management Advisers

43. The Council uses Sector as its treasury management advisers. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies;

44. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review.

4. Financial Implications (IB)

These are contained in the body of the report.

5. Legal Implications (AB)

There are none arising directly from this report.

6. Corporate Plan Implications

Delivery of the Prudential Indicators contributes to the achievement of Strategic Objective 3: "Deliver the Council's Medium Term Financial with a sustained focus on the Council's priorities whilst working to resolve the continuing pressure of service requirements in the context of available resources".

7. Consultation

None.

8. Risk Implications

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
Failure to achieve planned level of capital expenditure on the Capital Programme	Monitor expenditure via Budget Monitoring process and Capital Forum	Ilyas Bham
Failure to generate sufficient Capital Receipts and/or grants and other external funding to support the proposed programme	Look to revise the programme to bring spend into line with available resources	Ilyas Bham

9. Knowing your Community- Equality and Rural Implications

Schemes in the Capital Programme cover all services and all areas of the Borough including rural areas.

10. Corporate Implications

By submitting this report, the report author has taken the following into account:

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management Implications
- Human Resources Implications
- Voluntary Sector Implications

Background Papers
 Capital Programme 2012/13 to 2015/16
 The CIPFA Prudential Code
 Treasury Management Policy
 Revenue Budget 2013/14

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr KWP Lynch

Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 30 June 2003 and will apply its principles to all investment activity. In accordance with the Code, the Deputy Chief Executive (Corporate Direction) has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>AAA long term ratings</p> <p>£3m</p> <p>£3m</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£3m
c.	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	£3m
d.	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £500m, but will restrict these type of investments to £2m</p>	£2m
e.	<p>Any bank or building society that has a minimum long term credit rating of A, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
f.	<p>Any non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a limit of £2m for a period of 6 months</p>	£2m

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Deputy Chief Executive (Corporate Direction), and if required new counterparties which meet the criteria will be added to the list.

Security, Liquidity and Yield Benchmarking

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service

- A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks.

These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Report.

Yield - These benchmarks are currently widely used to assess investment performance. Local measures of yield benchmarks are:

- Investments - Internal returns above the 7 day LIBID rate

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. However they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for the cash type investments are below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

Liquidity - This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft - £0.250m
- Liquid short term deposits of at least £1m available with a week’s notice.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be 0.75 years, with a maximum of 1 year.

Security of the investments - In context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody’s and Standard and Poors). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch/Moody’s Standard and Poors long term rating category over the last 20 years.

Years	1	2	3	4	5
AAA	0.00%	0.02%	0.06%	0.09%	0.13%
AA	0.02%	0.04%	0.14%	0.28%	0.36%
A	0.09%	0.25%	0.43%	0.60%	0.79%
BBB	0.23%	0.65%	1.13%	1.70%	2.22%
BB	0.93%	2.47%	4.21%	5.81%	7.05%
B	3.31%	7.89%	12.14%	15.50%	17.73%
CCC	23.15%	32.88%	39.50%	42.58%	45.48%

The Council's minimum long term rating criteria is currently "A", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.09% of the total investment (e.g. for a £1m investment the average loss would be £900). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- 0.055% historic risk of default when compared to the whole portfolio.

And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.24%	0.68%	1.19%	1.79%	2.42%

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Investment Annual Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

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FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 21 JANUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION) **RE: TREASURY MANAGEMENT TO 31 DECEMBER 2012**

1. **PURPOSE OF REPORT**

To inform the Select Committee of the Council's Treasury Management activity during 2012/13.

2. **RECOMMENDATION**

That the Select Committee note the report.

3. **BACKGROUND TO THE REPORT**

At its meeting in February 2012 the Council approved the Council's Treasury Management Policy for the year 2012/13 and delegated the oversight of the execution of the Policy to the Select Committee.

This report sets out the Treasury Management activities for the first half of 2012/13 and shows that they are in line with the limits set out in the Policy.

Treasury Management covers two main areas:-

1. The management of day to day cash flows by way of short term investing and borrowing. Longer term investment opportunities may arise depending on cash flow requirements.
2. Management of the Council's Long term debt portfolio which is used to finance capital expenditure that cannot be immediately funded by internal resources (e.g. by Capital Receipts).

Economic Background

UK

In 2012/13 has seen a continuing period of low interest rates. The UK Bank Rate has now been at 0.5% for over 3 years. The Bank of England's Inflation report in November has pushed back the timing of the return to growth. It now looks like quarter four in 2012 will see a return to negative growth. Estimates are currently showing a 0.4 percent drop in GDP in the last quarter, which would leave growth as a whole at about -0.1% in 2012. According to the Bank of England, banks were keeping financially weak firms on life support by allowing them to breach borrowing. This may mean more viable firms with expansion plans are being starved of credit.

The Chancellor's autumn statement recognised that the Government is not going to achieve its budget deficit timetable. The timetable has been extended accordingly. The Housing market remains weak and the construction industry is still contracting. Export markets are set to remain weak. A fair proportion of UK GDP is dependant on trade with the US and the Eurozone. Therefore the UK economy is likely to register weak growth in 2013 and 2014. Consumers are likely to remain focused on paying down debt. This together with job security fears will act to keep consumer expenditure suppressed.

Eurozone

Although market anxiety about Greece has subsided after the further support package of nearly 50bn Euros markets are still concerned that the eventual end game will be that Greece is forced to exit the Eurozone. The bailout and assistance given to Spanish banks has meant market have been subdued in the short term.

USA

Growth is likely to remain weak at around 2% but still higher then the Eurozone. The Federal Bank has indicated it is unlikely to increase rates until 2015 wants to focus on unemployment falling to 6.5% before rates are raised. The fiscal cliff has only partially been dealt with. Increasing the debt ceiling and agreeing expenditure

This economic background impacts directly on the availability and choice of investment counterparties. Appropriate credit quality institutions have become more restricted in recent years in terms of numbers of parties available, the amount that can be invested with a single counterparty and the length of time an investment can be made.

In the present climate it is considered to be imprudent to invest for an extended period of time for the following reasons:

1. In a volatile market the financial strength of counterparty can change quickly and therefore to invest for shorter periods reduces the Council's risk exposure.
2. Longer term interest rates, whilst higher than those for shorter periods, do not compensate the Council for the additional risk.

To invest with better quality counterparties for shorter periods does reduce the Council's exposure to risk and uncertainty but does mean that investment yields are reduced.

Investment Activity

The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring

adequate liquidity, with the investment return being the final objective. Following the economic background above, officers are implementing an operational strategy which tightens the controls already in place in the approved investment strategy.

The Council's investment criteria, approved by Council in February 2012 are:-

- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
 - i. Are UK banks; and/or
 - ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAAAnd have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - i. **Short Term** – F1
 - ii. **Long Term** – A
 - iii. **Individual / Financial Strength** – C (Fitch / Moody's only)
 - iv. **Support** – 3 (Fitch only)
- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
 - (a) wholesale deposits in the bank are covered by a government guarantee;
 - (b) the government providing the guarantee is rated “AAA” by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
 - (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- **Banks 3 – Eligible Institutions** - the organisation is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions have been subject to suitability checks before inclusion, and have access to HM Treasury liquidity if needed.
- **Banks 4** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the Council will use all Societies which:
 - i. meet the ratings for banks outlined aboveOr are both:
 - ii. Eligible Institutions; and
 - iii. Have assets in excess of £500m.

- **Money Market Funds – AAA**
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

Funds for investment come from the following Sources

- a) Revenue Account Balances held by the Council
- b) Earmarked Reserves and Provisions
- c) Unapplied Capital Receipts
- d) Cash flow balances - income received before expenditure needs to be incurred

At 31 Dec 2012 the Council held the following investments totalling £12,930,000

Counterparty	Investment Date	Maturity Date	Amount	Interest Rate
Coventry BS	03/12/2012	03/01/2013	1,000,000	0.4100
Hinckley & Rugby BS	20/12/2012	21/01/2013	2,000,000	0.5000
Hsbc Call Account	31/12/2012	02/01/2013	2,280,000	0.3500
Nationwide BS	03/12/2012	03/01/2013	2,000,000	0.4000
Newcastle BS	05/12/2012	07/01/2013	500,000	0.4500
Newcastle BS	13/12/2012	03/01/2013	1,500,000	0.4500
Principality BS	07/12/2012	17/01/2013	1,650,000	0.3200
Skipton BS	17/12/2012	17/01/2013	500,000	0.4000
Skitpton BS	28/12/2012	28/01/2013	1,500,00	0.4000

Details of all investments held from April 2012 to 31st December 2012 are included in Appendix A attached.

Details of the weighted average investment to December 2012 are shown in the table below together with the average overnight, 7 day and 1 month London Inter Bank Offer Rates (LIBOR) as a bench mark to the rates received by the Council.

Period	Weighted Average invested	Average period (days)	Average Return	Overnight LIBID	7 Day LIBID	1 Month LIBID
April to Dec 2012	6,064,502	11.25 days	0.5059	0.3913	0.4055	0.4481

The figures above show that the Council received a rate of return that is compatible with the returns available in the market.

It also shows that the weighted average life is within the maximum set of 0.5 years.

Due to current economic conditions officers have decided to limit investment to less than one month and not to invest with banks other than with the Council's Bank. This together with mergers of Building Societies has meant the Counter

Party invest list of organisations has shrank. Average investments returns are however still higher then the comparable inter bank rate (return of 0.05059% compared against 0.04481%). The benchmarking rates in the table above are higher then the industry averages used by some local authorises. If industry benchmarks are used our average return is even more favourable. Industry average benchmark for 1 month rates are currently 0.037% compared against our average rate of 0.05059%.

Borrowing Activities

Long term borrowing to finance Capital Expenditure

Excluding the HRA self financing element the Council has a Capital Financing Requirement of around £18m which arises from previous decisions to incur Capital Expenditure that was not financed immediately by internal resources e.g. Capital Receipts or Grants giving rise to the need to borrow to finance the expenditure. This borrowing requirement can either be met by long or short term external borrowing or by internal borrowing i.e. using the cash behind the authority's balances and reserves and foregoing investment income. At the present time the interest payable on long term borrowing is significantly greater than the returns the Council could expect on its investments and therefore the Council has adopted a policy of being "underborrowed" with only £4.3m of long term loans on its books. Short term loans from the PWLB currently cost 1% so if the Council was fully funded with short term money and was receiving investment income of 0.4% there would be a cost of £82,200 pa. With longer term rates at about 4.0% the additional cost would be £548,000pa. In these circumstances the Council has not undertaken any long term borrowing in the current year and has relied on short term borrowing to meet cash flow needs.

Additionally, as part of the Self Financing HRA Settlement £67.652m has been borrowed from PWLB. Repayment options have been discussed with members and were presented to the Executive on 13th March 2012. Repayments for principal amounts for these loans will commence in 7 years time. The loan will be repaid in equal instalments of £2.9414m over 23 yrs.

Short term borrowing to cover cash flow shortfalls.

Some short term borrowing took place to cover temporary cash flow shortfalls. The movements are as follows:-

Amount outstanding at 1 April 2012	£2,600,000
Plus Total Amount borrowed to Dec 2012	£5,240,000
Less Total Amount repaid in year	£7,840,000
Amount outstanding at 31 Dec 2012	Nil
The average amount borrowed was	£115,671
Average period of loans	5.6 Days
Number of occasions	5
Average rate of interest paid	0.4458%

All borrowing was conducted with the Operational Limit set by the Council.

5. **FINANCIAL IMPLICATIONS (IB)**

Any losses resulting from a further tightening of our investment strategy will be reported within the Outturn position.

5. **LEGAL IMPLICATIONS (AB)**

There are no legal implications arising directly from this report.

6. **CORPORATE PLAN IMPLICATIONS**

This report supports the following Corporate Aims

- Thriving Economy

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Loss of investments due to failure of Counterparty	Ensure Counterparty is financially secure prior to lending by confining activity to institutions on a list of approved institutions based on credit ratings.	I Bham
	Ensure that lending is for appropriate periods and amounts as per Counterparty list	I Bham

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Treasury management activities support all activities of the Borough Council and therefore impact on all areas of and communities within the Borough

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector implications

Background papers: Investment and borrowing records

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr Keith Lynch

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TEMPORARY ADVANCES 2012 - 2013

Appendix A

APRIL TO DECEMBER 2012

DATE	BROKE R	RATE %	AMOUNT £	BORROWER	NO DAYS	INTEREST 2012/13	DATE REPAID	OUTSTANDING INVESTMENT
01/04/12	Direct	1.5000	2,000,000	Hinckley & Rugby	52	4,273.97	23/05/12	
01/04/12	Sterling	1.0000	500,000	NewCastle BS	30	410.96	01/05/12	
02/04/12	Sterling	0.3500	724,000	NewCastle BS	1	6.94	3/4/12	
02/04/12	Prebon	0.4000	1,650,000	Skipton BS	10	180.82	12/4/12	
03/04/12	Sterling	0.3500	504,000	NewCastle BS	2	9.67	5/4/12	
05/04/12	Sterling	0.3500	813,000	NewCastle BS	5	38.98	10/4/12	
10/04/12	Hsbc	0.2500	293,000	Hsbc Money Mkt	1	2.01	11/4/12	
11/04/12	Hsbc	0.2500	486,000	Hsbc Money Mkt	1	3.33	12/4/12	
12/04/12	Sterling	0.3500	520,000	NewCastle BS	1	4.99	13/4/12	
12/04/12	Sterling	0.4000	1,000,000	Coventry BS	11	120.55	23/4/12	
13/04/12	Hsbc	0.2500	388,000	Hsbc Money Mkt	3	7.97	16/4/12	
16/04/12	Hsbc	0.3500	1,857,000	Hsbc Money Mkt	1	17.81	17/4/12	
16/04/12	Sterling	0.4000	1,500,000	NewCastle BS	7	115.07	23/4/12	
17/04/12	Hsbc	0.3500	807,000	Hsbc Money Mkt	2	15.48	19/4/12	
17/04/12	Sterling	0.4000	1,000,000	Coventry BS	3	32.88	20/4/12	
18/04/12	Hsbc	0.3500	278,000	Hsbc Money Mkt	1	2.67	19/4/12	
19/04/12	Hsbc	0.3500	445,000	Hsbc Money Mkt	1	4.27	20/4/12	
20/04/12	Hsbc	0.3500	1,022,000	Hsbc Money Mkt	3	29.40	23/4/12	
23/04/12	Hsbc	0.3500	1,462,000	Hsbc Money Mkt	1	14.02	24/4/12	
01/05/12	Sterling	0.4000	1,274,000	Coventry BS	2	27.92	3/5/12	
01/05/12	Sterling	0.5500	500,000	NewCastle BS	28	210.96	29/05/12	
01/05/12	Sterling	0.6200	1,000,000	West Brom BS	28	475.62	29/5/12	
15/05/12	Sterling	0.4000	1,000,000	Coventry BS	7	76.71	22/5/12	
15/05/12	Sterling	0.4000	1,000,000	Coventry BS	10	109.59	25/5/12	
15/05/12	Sterling	0.4500	1,190,000	NewCastle BS	14	205.40	29/5/12	
23/05/12	Direct	0.6800	2,000,000	NewCastle BS	30	1,117.81	22/06/12	
28/05/12	Sterling	0.4000	1,010,000	Coventry BS	1	11.07	29/5/12	
29/05/12	Sterling	0.6000	500,000	NewCastle BS	31	254.79	29/6/12	
01/06/12	Sterling	0.4000	2,000,000	Coventry BS	5	109.59	6/6/12	
01/06/12	Sterling	0.6000	1,500,000	Principality BS	31	764.38		
06/06/12	Sterling	0.4000	1,891,000	Coventry BS	1	20.72	7/6/12	
06/06/12	Sterling	0.5500	500,000	NewCastle BS	30	226.03		
07/06/12	Sterling	0.4000	992,000	Coventry BS	1	10.87	8/6/12	
15/06/12	Sterling	0.3500	1,615,000	Skipton BS	4	61.95	19/6/12	
15/06/12	Sterling	0.5400	1,000,000	Coventry BS	31	458.63	16/7/12	
15/06/12	Sterling	0.4000	1,000,000	Nationwide	31	339.73	16/7/12	
22/06/12	Direct	0.6000	2,000,000	Hinckley & Rugby	28	920.55	20/07/12	
02/07/12	Sterling	0.3500	1,500,000	Principality BS	1	14.38	3/7/12	
02/07/12	Sterling	0.4000	1,000,000	Coventry BS	3	32.88	5/7/12	
02/07/12	Sterling	0.3000	1,000,000	Skipton BS	3	24.66	5/7/12	
02/07/12	Sterling	0.5800	500,000	NewCastle BS	31	246.30	02/08/12	
06/07/12	Sterling	0.5500	500,000	NewCastle BS	31	233.56	6/8/12	
16/07/12	Sterling	0.4700	1,800,000	Coventry BS	31	718.52	16/8/12	
16/07/12	Sterling	0.5000	1,650,000	Principality BS	31	700.68	16/08/12	
20/07/12	Direct	0.5000	2,000,000	Hinckley & Rugby	31	849.32	20/08/12	
01/08/12	Sterling	0.4000	1,000,000	NewCastle BS	8	87.67	9/8/12	
01/08/12	Sterling	0.4000	2,000,000	Skipton BS	8	175.34	9/8/12	
02/08/12	Sterling	0.5800	500,000	NewCastle BS	32	254.25	3/9/12	
15/08/12	Sterling	0.4000	2,000,000	Skipton BS	30	657.53	14/9/12	
16/08/12	Sterling	0.4000	1,000,000	Coventry BS	12	131.51		
16/08/12	Sterling	0.4600	1,650,000	Coventry BS	29	603.04	14/09/12	
20/08/12	Direct	0.5000	2,000,000	Hinckley & Rugby	30	821.92	19/09/12	
28/08/12	Sterling	0.4000	1,000,000	Coventry BS	17	186.30	14/9/12	
03/09/12	Sterling	0.4000	1,000,000	Coventry BS	11	120.55	14/9/12	
03/09/12	Sterling	0.4300	1,500,000	NewCastle BS	11	194.38	14/9/12	
03/09/12	Sterling	0.4800	500,000	NewCastle BS	30	197.26	5/10/12	
12/09/12	Sterling	0.4200	1,000,000	Nationwide BS	44	506.30	26/10/12	
14/09/12	Sterling	0.4500	1,650,000	Principality BS	31	630.62	15/10/12	
17/09/12	Sterling	0.3500	1,300,000	Coventry BS	2	24.93	19/9/12	
17/09/12	Sterling	0.4000	1,500,000	Skipton BS	31	509.59	18/10/12	
19/09/12	Direct	0.5000	2,000,000	Hinckley & Rugby	30	821.92	19/10/12	
01/10/12	Hsbc	0.3500	1,591,000	Hsbc Call Account	1	15.26		
01/10/12	Sterling	0.4000	1,000,000	Coventry BS	18	197.26	19/10/12	
01/10/12	Sterling	0.5000	1,200,000	NewCastle BS	21	345.21	22/10/12	
01/10/12	Sterling	0.4000	1,000,000	Nationwide BS	31	339.73	1/11/12	
02/10/12	Hsbc	0.3500	490,200	Hsbc Call Account	1	4.70		
03/10/12	Hsbc	0.3500	679,200	Hsbc Call Account	1	6.51		
03/10/12	Sterling	0.5000	500,000	NewCastle BS	33	226.03	5/11/12	
04/10/12	Hsbc	0.3500	764,200	Hsbc Call Account	1	7.33		
05/10/12	Hsbc	0.3500	131,200	Hsbc Call Account	3	3.77		
08/10/12	Hsbc	0.3500	250,200	Hsbc Call Account	1	2.40		
09/10/12	Hsbc	0.3500	307,200	Hsbc Call Account	1	2.95		
10/10/12	Hsbc	0.3500	422,200	Hsbc Call Account	1	4.05		
11/10/12	Hsbc	0.3500	535,200	Hsbc Call Account	1	5.13		
12/10/12	Hsbc	0.3500	456,200	Hsbc Call Account	3	13.12		
15/10/12	Hsbc	0.3500	3,370,000	Hsbc Call Account	1	32.32		

15/10/12	Sterling	0.4200	1,650,000	Principality BS	31	588.58	15/11/12	
16/10/12	Hsbc	0.3500	3,236,200	Hsbc Call Account	1	31.03		
17/10/12	Hsbc	0.3500	2,314,200	Hsbc Call Account	1	22.19		
17/10/12	Sterling	0.3000	1,000,000	Coventry BS	2	16.44		
18/10/12	Sterling	0.3000	1,500,000	Skipton BS	1	12.33	19/10/12	
18/10/12	Hsbc	0.3500	2,403,200	Hsbc Call Account	1	23.04		
19/10/12	Hsbc	0.3500	206,800	Hsbc Call Account	3	5.95		
19/10/12	Sterling	0.3800	1,500,000	Skipton BS	11	171.78	30/10/12	
19/10/12	Direct	0.5000	2,000,000	Hinckley & Rugby	31	849.32	19/11/12	
22/10/12	Hsbc	0.3500	455,800	Hsbc Call Account	1	4.37		
23/10/12	Hsbc	0.3500	411,800	Hsbc Call Account	1	3.95		
24/10/12	Hsbc	0.3500	511,800	Hsbc Call Account	1	4.91		
25/10/12	Hsbc	0.3500	51,800	Hsbc Call Account	1	0.50		
26/10/12	Hsbc	0.3500	910,800	Hsbc Call Account	3	26.20		
29/10/12	Hsbc	0.3500	507,800	Hsbc Call Account	1	4.87		
30/10/12	Hsbc	0.3500	493,800	Hsbc Call Account	1	4.74		
30/10/12	Sterling	0.4000	1,500,000	Skipton BS	31	509.59	30/11/12	
31/10/12	Hsbc	0.3500	551,800	Hsbc Call Account	1	5.29		
01/11/12	Hsbc	0.3500	2,321,800	Hsbc Call Account	1	22.26		
01/11/12	Sterling	0.4000	2,000,000	Coventry BS	22	482.19	23/11/12	
01/11/12	Sterling	0.4000	1,000,000	Nationwide BS	32	350.68	3/12/12	
02/11/12	Hsbc	0.3500	1,971,800	Hsbc Call Account	3	56.72		
05/11/12	Hsbc	0.3500	2,405,800	Hsbc Call Account	1	23.07		
05/11/12	Sterling	0.4300	500,000	NewCastle BS	30	176.71	5/12/12	
06/11/12	Hsbc	0.3500	2,173,800	Hsbc Call Account	1	20.84		
07/11/12	Hsbc	0.3500	2,340,800	Hsbc Call Account	1	22.45		
08/11/12	Hsbc	0.3500	2,410,800	Hsbc Call Account	1	23.12		
09/11/12	Hsbc	0.3500	2,202,800	Hsbc Call Account	3	63.37		
12/11/12	Hsbc	0.3500	2,279,800	Hsbc Call Account	1	21.86		
13/11/12	Hsbc	0.3500	2,213,800	Hsbc Call Account	1	21.23		
14/11/12	Hsbc	0.3500	2,327,800	Hsbc Call Account	2	44.64		
15/11/12	Sterling	0.4000	1,500,000	NewCastle BS	8	131.51	23/11/12	
15/11/12	Sterling	0.3500	1,000,000	West Brom BS	8	76.71	23/11/12	
15/11/12	Sterling	0.3400	1,650,000	Principality BS	32	491.84	17/12/12	
16/11/12	Hsbc	0.3500	2,601,800	Hsbc Call Account	1	24.95		
17/11/12	Hsbc	0.3500	2,327,800	Hsbc Call Account	1	22.32		
18/11/12	Hsbc	0.3500	2,601,800	Hsbc Call Account	1	24.95		
19/11/12	Hsbc	0.3500	2,327,800	Hsbc Call Account	1	22.32		
19/11/12	Direct	0.5000	2,000,000	Hinckley & Rugby	31	849.32	20/12/12	
20/11/12	Hsbc	0.3500	2,264,800	Hsbc Call Account	1	21.72		
21/11/12	Hsbc	0.3500	2,152,800	Hsbc Call Account	1	20.64		
22/11/12	Hsbc	0.3500	1,138,800	Hsbc Call Account	1	10.92		
23/11/12	Hsbc	0.3500	5,000	Hsbc Call Account	3	0.14		
26/11/12	Hsbc	0.3500	34,000	Hsbc Call Account	1	0.33		
27/11/12	Hsbc	0.3500	5,000	Hsbc Call Account	1	0.05		
28/11/12	Hsbc	0.3500	681,000	Hsbc Call Account	1	6.53		
29/11/12	Hsbc	0.3500	862,000	Hsbc Call Account	1	8.27		
30/11/12	Hsbc	0.3500	605,000	Hsbc Call Account	3	17.40		
30/11/12	Sterling	0.4000	1,500,000	Skipton BS	28	460.27	28/12/12	
03/12/12	Hsbc	0.3500	1,980,000	Hsbc Call Account	1	18.99		
03/12/12	Sterling	0.4100	1,000,000	Coventry BS	31	348.22	3/1/13	1,000,000
03/12/12	Sterling	0.4000	2,000,000	Nationwide BS	31	679.45	3/1/13	2,000,000
03/12/12	Sterling	0.4500	1,500,000	NewCastle BS	31	573.29	3/1/13	1,500,000
04/12/12	Hsbc	0.3500	929,000	Hsbc Call Account	1	8.91		
05/12/12	Hsbc	0.3500	1,029,000	Hsbc Call Account	1	9.87		
05/12/12	Sterling	0.4500	500,000	NewCastle BS	33	203.42	7/1/13	500,000
06/12/12	Hsbc	0.3500	1,118,000	Hsbc Call Account	1	10.72		
07/12/12	Hsbc	0.3500	1,179,000	Hsbc Call Account	3	33.92		
10/12/12	Hsbc	0.3500	1,279,000	Hsbc Call Account	1	12.26		
11/12/12	Hsbc	0.3500	843,000	Hsbc Call Account	1	8.08		
12/12/12	Hsbc	0.3500	1,153,000	Hsbc Call Account	1	11.06		
13/12/12	Hsbc	0.3500	1,219,000	Hsbc Call Account	1	11.69		
14/12/12	Hsbc	0.3500	1,021,000	Hsbc Call Account	3	29.37		
17/12/12	Hsbc	0.3500	3,000,000	Hsbc Call Account	1	28.77		
17/12/12	Sterling	0.3200	1,650,000	Principality BS	31	448.44		1,650,000
17/12/12	Sterling	0.4000	500,000	Skipton BS	31	169.86		500,000
18/12/12	Hsbc	0.3500	1,877,000	Hsbc Call Account	1	18.00		
19/12/12	Hsbc	0.3500	1,957,000	Hsbc Call Account	1	18.77		
20/12/12	Hsbc	0.3500	1,798,000	Hsbc Call Account	1	17.24		
20/12/12	Direct	0.5000	2,000,000	Hinckley & Rugby	32	876.71		2,000,000
21/12/12	Hsbc	0.3500	1,732,000	Hsbc Call Account	3	49.82		
24/12/12	Hsbc	0.3500	1,820,000	Hsbc Call Account	1	17.45		
27/12/12	Hsbc	0.3500	1,886,000	Hsbc Call Account	1	18.08		
28/12/12	Hsbc	0.3500	1,930,000	Hsbc Call Account	3	55.52		
28/12/12	Sterling	0.4000	1,500,000	Skipton BS	31	509.59		1,500,000
31/12/12	Hsbc	0.3500	2,280,000	Hsbc Call Account	2	43.73		2,280,000
			196,760,200			30,679		12,930,000

SCRUTINY COMMISSION – 31 JANUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION) RE: COUNCIL TAX BASE FOR LOCAL PRECEPTING AUTHORITIES



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

To inform Scrutiny Commission of financial arrangements for local precepting authorities in 2013/14.

2. RECOMMENDATION

That Scrutiny Commission note the contents of this report

3. BACKGROUND TO THE REPORT

3.1 The 2010 Spending Review announced the localisation of Council Tax support. From 2013, Council Tax support will take the form of reductions within the Council Tax system, replacing national Council Tax benefit.

3.2 Making reductions as part of the Council Tax system will have the effect of reducing a billing authority's Council Tax base. This reflects that the Council will no longer receive income from households in receipt of benefit through a grant and therefore they are removed in part from the base as an income generating property. The impact of these changes will be factored into the Council Tax base for Hinckley and Bosworth Borough Council and the major precepting authorities (County Council, Fire and Police Authorities) for the purpose of budget and Council Tax setting in 2013/14.

3.3 Similar to Hinckley and Bosworth as the billing authority, a Council Tax base is set for each of Parish Councils annually. This is used to determine the level of precept and the Council Tax that will be charged.

3.4 The Government issued a consultation document in August 2012 which asked for views on how the Council Tax base for "local precepting bodies" should be calculated. At a high level the options posed were:

- 1) For the Council Tax base methodology to remain the same as in previous years. In this case, the base would not be adjusted to reflect any reduction created by Council Tax support claimants within that area. This proposal will provide local preceptors with greater levels of certainty over their base and budget position, however it would increase the financial pressures on billing authorities and major preceptors.
- 2) For the Council Tax base of each parish and special expense area to be adjusted to reflect changes adopted by the local scheme. This would mean that all bodies in receipt of Council Tax would share the impact of the changes equitably.

3.5 The response to this consultation was issued on 26th November 2012. The response outlined that, in support of the localism agenda, the DCLG would not mandate a method for calculating the base and therefore the precepts of parishes/special expense areas. Instead, billing authorities should come to a local agreement on the calculation and the level of funding that is provided.

- 3.6 The outcomes of this consultation were presented and discussed at Executive Briefing at their meeting on 29th November. Executive decided that, in principal, the risk of the changes to Council Tax Benefit should be shared equitably amongst the local preceptors.
- 3.7 Accordingly, the Tax Base for all parishes and special expense areas has been calculated, taking into account the Local Council Tax Support Scheme. The total tax base for Hinckley & Bosworth Borough Council is forecast to reduce by approximately 9.3%. The impact on individual parishes and special expense areas differs depending on demographics and varies from 0.1-13.5%.
- 3.8 In order to manage the transition, the Government has allocated an element of funding within the 2013/14 settlement to fund the gap created by the reduction in Council Tax base. This Council has received c£401,000 of grant for this purpose. An additional grant of £143,000 will be provided to HBBC for local precepting authorities, though the allocation method for this amount is not prescribed. This Council is proposing to allocate the full local precepting element to parish councils based on their proportion of the total reduction in base.
- 3.9 Any grant allocated will be in addition to the allocation of New Homes Bonus to eligible parishes/special expense areas in 2013/14. As outlined in the Medium Term Financial Strategy, 25% of New Homes Bonus allocation will be transferred to local preceptors and apportioned based on the number of new affordable homes created. The draft allocation of New Homes Bonus for 2013/14 has been released and indicates that £1,023,258 will be provided in 2013/14. The element to parish and special expense areas will therefore be £255,815.
- 3.10 The Council wrote to all parish councils on 21st December 2012 to inform them of the following information. In addition, information on the changes was presented to the parish forums at their meeting on 23rd January:
- Council Tax Base
 - Provisional allocation of Local Council Tax Support Grant
 - Provisional allocation of New Homes Bonus
- 3.11 The proposed Council Tax Base, along with the provisional New Homes Bonus and percentage allocation of the Local Council Tax Support Grant are detailed in Appendix A along with the “true” loss in precept following the application of the grant. It should be noted that this does not factor in the reduction in spending need created by New Homes Bonus and on that basis the impact is reduced further.

4. FINANCIAL IMPLICATIONS [KB]

These are contained in the report

5. LEGAL IMPLICATIONS [AB]

These are contained in the report

6. CORPORATE PLAN IMPLICATIONS

This report contributes to the achievement of all Corporate Plan Objectives

7. CONSULTATION

The amendments to the regulations for funding of local precepting authorities was subject to DCLG consultation during the summer of 2012.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The calculation of parish council precepts will impact on rural parishes and inform spending allowances in these areas

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: 2013/14 Finance Settlement

Author: Katherine Bennett (Head of Finance) ext 5609

Executive Member: Councillor KWP Lynch

Appendix A – Allocation by Parish

	2012/13 Council Tax	2012/13 Precept	Proposed Tax Base 2013/14	Reduction In Tax Base (following implementation of LCTS)	Total New Homes Bonus Payable in 2013/14	Proposed Allocation of Parishes Council Tax Support Grant 2013/14	13/14 Precept (based on Council Tax Freeze)	Mvt in precept	Mvt after Grant
	£	£			£	£	£	£	£
Hinckley *	58.63	610,460.00	9,449.8	-1,124.4	92,222.70	n/a	n/a	n/a	n/a
Bagworth	94.62	90,000.00	862.5	-88.0	1,913.29	5,291.00	81,609.75	-8,390.25	3,099.25
Barlestone	64.29	53,000.00	753.8	-76.1	2,249.74	4,576.00	48,461.80	-4,538.20	37.80
Barwell	63.05	182,695.00	2,502.3	-389.4	17,031.16	23,166.00	157,770.02	-24,924.99	1,758.98
Burbage	54.6	307,752.00	5,154.1	-485.2	17,815.76	28,886.00	281,413.86	-26,338.14	2,547.86
Cadeby	30.62	2,832.50	90.4	-4.4	49.39	286.00	2,768.05	-64.45	221.55
Carlton	39.07	5,700.00	148.0	-5.4	2,904.41	286.00	5,782.36	82.36	368.36
Desford	57.65	87,000.00	1,421.4	-92.4	6,459.20	5,434.00	81,943.71	-5,056.29	377.71
Earl Shilton	57.88	190,586.00	2,894.2	-443.9	81,313.81	26,312.00	167,516.30	-23,069.70	3,242.30
Groby	64.08	173,340.00	2,547.9	-163.9	1,292.22	9,724.00	163,269.43	-10,070.57	-346.57
Higham	40.47	11,000.00	243.5	-25.7	1,546.51	1,573.00	9,854.45	-1,145.56	427.45
Market Bosworth	48.4	44,577.00	871.4	-50.7	984.56	3,003.00	42,175.76	-2,401.24	601.76
Markfield	52.05	87,304.20	1,521.8	-153.4	369.20	9,152.00	79,209.69	-8,094.51	1,057.49
Nailstone	37.15	7,500.00	190.7	-14.0	1,576.42	858.00	7,084.51	-415.50	442.50
Newbold Verdon	38.84	40,000.00	915.6	-116.0	3,907.11	6,864.00	35,561.90	-4,438.10	2,425.90
Obaston	27.68	3,000.00	95.8	-11.4	1,005.89	715.00	2,651.74	-348.26	366.74
Peckleton	44.55	21,000.00	458.3	-15.5	4,080.41	858.00	20,417.27	-582.74	275.26
Ratby	61.16	89,500.00	1,350.6	-112.8	10,985.82	6,721.00	82,602.70	-6,897.30	-176.30
Shackerstone	41.11	16,175.00	382.7	-15.3	4,330.40	858.00	15,732.80	-442.20	415.80
Sheepy	41.73	22,000.00	486.5	-32.3	1,712.49	1,859.00	20,301.65	-1,698.36	160.64
Stanton under Bardon	41.08	9,050.00	203.4	-11.3	403.70	715.00	8,355.67	-694.33	20.67

Stoke Golding	42.29	28,786.00	630.2	-45.2	714.24	2,717.00	26,651.16	-2,134.84	582.16
Sutton Cheney	36.75	8,680.00	219.9	-11.7	338.44	715.00	8,081.33	-598.68	116.33
Twycross	29.71	10,550.00	337.9	-16.9	607.63	1,001.00	10,039.01	-510.99	490.01
Witherley	20	12,908.00	618.5	-27.3	0.00	1,430.00	12,370.00	-538.00	892.00
	2,115,395.7	34,351.2	-3,532.6	255,814.50	143,000.00	1,371,624.89	133,310.81	9,689.19	

* The allocation of Council Tax Support Grant for Special Expense Areas will be made from the Council's own allocation in order to ensure that Council Tax is frozen for 2013/14

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FINANCE, AUDIT & PERFORMANCE COMMITTEE – 21 JANUARY 2013

REPORT OF CHIEF EXECUTIVE

RE: PERFORMANCE MANAGEMENT FRAMEWORK



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. PURPOSE OF REPORT

- 1.1 To provide the Council's 2nd Qtr position (2012/13) on:
- Performance Indicators
 - Service Improvement Plans
 - Corporate Risks

2. RECOMMENDATION

That the committee members:

- (i) Note the Council's 2nd Qtr performance information for:
- Indicators whose performance is worse than the same period last year
 - Indicators that are predicted not to be on target at year end
 - Indicators that are below average against current benchmarking data
- (ii) Note Service Improvement Plans that show some slippage (amber) to target dates and those that will not meet (red) target dates
- (iii) Note the latest status of net Corporate/Strategic Risks

3. BACKGROUND TO THE REPORT

- 3.1 The council reports quarterly on progress against its Performance Management Framework and Strategic Risk Management.
- 3.2 This report considers current performance with regard to the Corporate Plan Strategic aims.

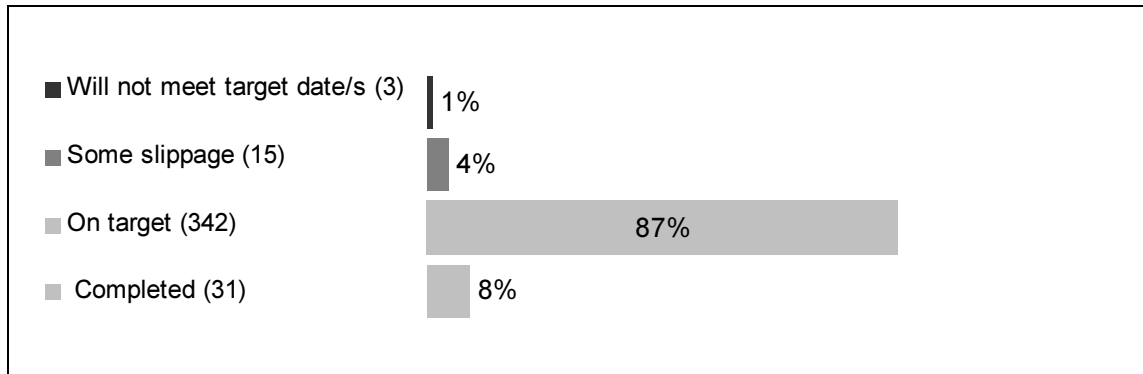
4. OVERALL SUMMARY – April 2012 to September 2012

- 4.1 Performance Indicators: 2nd Qtr position:

<p>Performance compared to same period last year – 59 indicators (15 not measured as they are new for 2012/13), 6 indicators awaiting returns</p>	<table border="1"> <tr> <td>Improved (13)</td> <td>34%</td> </tr> <tr> <td>The same (1)</td> <td>3%</td> </tr> <tr> <td>Worse (24)</td> <td>63%</td> </tr> </table>	Improved (13)	34%	The same (1)	3%	Worse (24)	63%
Improved (13)	34%						
The same (1)	3%						
Worse (24)	63%						
<p>Year end actual v's target – 59 indicators. LI175 "no of hate crimes" cannot be measured as no target has been set for 2012/13, 5 indicators awaiting returns and 2 indicators awaiting further data before entering year end estimate</p>	<table border="1"> <tr> <td>On or above target (45)</td> <td>88%</td> </tr> <tr> <td>Within 15% of target (0)</td> <td>0%</td> </tr> <tr> <td>Below 15% of target (6)</td> <td>12%</td> </tr> </table>	On or above target (45)	88%	Within 15% of target (0)	0%	Below 15% of target (6)	12%
On or above target (45)	88%						
Within 15% of target (0)	0%						
Below 15% of target (6)	12%						
<p>Comparable (6) indicators v's 10/11 actuals (All English District councils)</p>	<table border="1"> <tr> <td>Top quartile (4)</td> <td>66%</td> </tr> <tr> <td>Below top but above average (1)</td> <td>17%</td> </tr> <tr> <td>Below average (1)</td> <td>17%</td> </tr> </table>	Top quartile (4)	66%	Below top but above average (1)	17%	Below average (1)	17%
Top quartile (4)	66%						
Below top but above average (1)	17%						
Below average (1)	17%						
<p><i>Indicators awaiting returns: LI157d (No of planning performance agreements made) LI175 (No of hate crimes reported across all agencies) LI20 (Total recorded crime offences) NI15 (Serious violent crime rate) NI16 (Serious acquisitive crime rate) NI20 (Assault with injury crime rate – LAA)</i></p>							
<p><i>Indicator with target not set: LI175 (No of hate crimes reported across all agencies)</i></p>							
<p><i>Indicators awaiting year end estimates: NI154 (Net additional homes provided) NI155 (Number of affordable homes delivered)</i></p>							
<p><i>Note on Quartile benchmarking: LGEM (local Gov & East Midlands) are currently conducting a project to capture year end 2011/12 returns throughout the region which should enable the council to benchmark some indicators against other district councils. The councils performance management system will be updated as soon as data is available</i></p>							

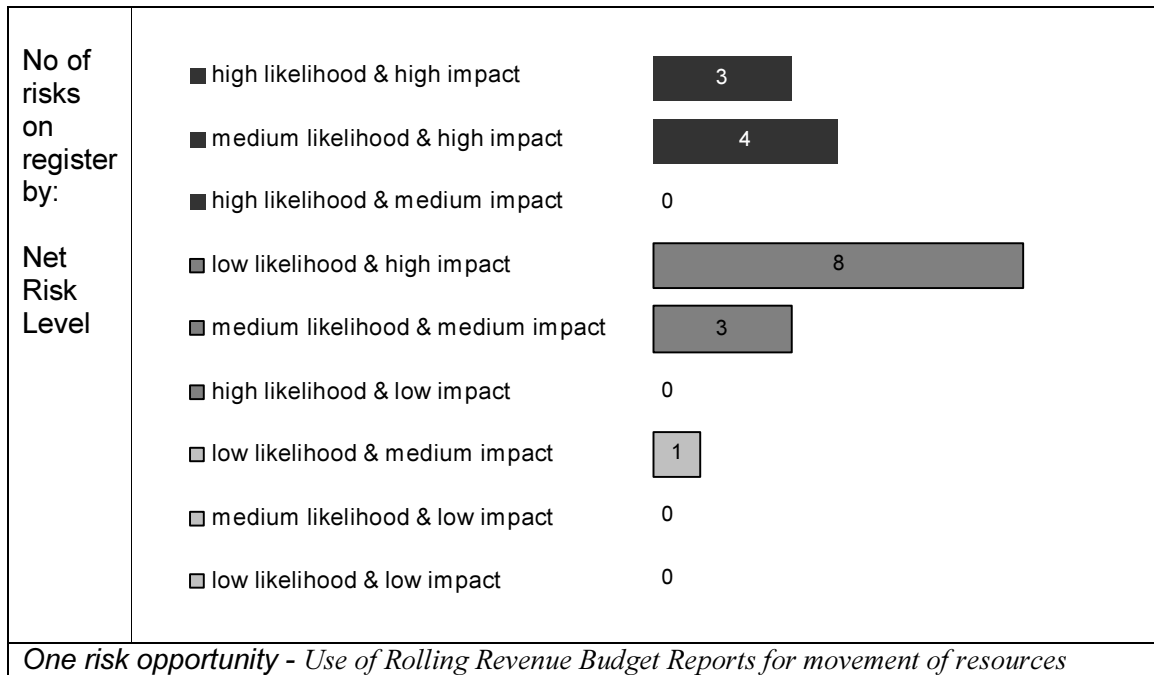
- Details of Performance Indicator exceptions are provided at appendix 1
- Indicators that are not on target
 - Indicators that are below average against quartile benchmark

4.2 Service Improvement action plans: 2nd Qtr position:



Details of Service Improvement Plan actions that are showing some slippage and/or will not meet target dates are provided at appendix 2

4.3 Corporate Risks: 2nd Qtr position:



Details of all corporate risks are provided at appendix 3

5. Performance indicators achieving high levels of performance

Ref	Description	Result
LHE20a	Percentage of reported Fly Tips Collected within 5 Days	100%
R&R1a	Total Number of justified missed bins	354 (287 less than same period last year)
LCD61	B.C.Full Plans determined and returned within 5 weeks or 2 months	100%

6. Performance indicators whose targets have been significantly reduced for 2012/13

Ref	Description	Target reduction/increase from 2011/12 to 2012/13	Result	Comments
BV204	Planning Appeals	From 25% to 65%	75%	The appeals allowed addressed mainly subjective issues where there is often disagreements. There continues to be monitoring of appeal decisions and the quality of decision making
NI 157a	Process of planning applications as measured against targets for major application types.	From 90% to 50%	66.66%	Profiling has been carried out for majors going forward. This shows that we will hit the PI within this year. Work is ongoing to roll this forward and keep monitoring major applications.

7. DATA QUALITY MANAGEMENT

- 7.1 The performance information provided is in compliance with the council's data quality management strategy:
"ensure that data is managed to the highest quality"

When providing performance information data owners agree that they are managing data quality in accordance with the Data Quality Management Policy. In addition, the Corporate Performance service provides a 'help desk' facility and scrutinise Performance Indicator outturn returns for compliance.

8. FINANCIAL IMPLICATIONS [DB]

None arising directly from this report

9. LEGAL IMPLICATIONS [AB]

None arising directly from this report

10. CORPORATE PLAN IMPLICATIONS

The report provides an update on the achievement of the Council's vision and revised Corporate Plan 2010 – 2015. The issues covered in this report relate to, and support the achievement of all the Council's Strategic Aims:

- Cleaner and greener neighbourhoods
- Thriving economy
- Safer and healthier borough
- Strong and distinctive communities
- Decent, well managed and affordable housing.

and values:

- Life quality and the environment within our community is further improved
- Improved effectiveness working in partnership at a competitive price
- Vulnerable people are safeguarded
- Equality and fair treatment for all

11. CONSULTATION

Each Service Manager has contributed information to the report and the performance outturn information is available on the Intranet via the TEN system

12. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

The Strategic Risk Register identifying the significant risks for the council is considered alongside the reporting of performance and financial management.

13. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Equality and Rural implications are considered as part of the implementation of the Corporate Plan. The Corporate Plan 2010-15 priorities are informed by a borough wide consultation exercise completed in summer 2009.

14. CORPORATE IMPLICATIONS

- None

15. Appendices

Appendix 1 - Indicators below average performance or will not meet target

Appendix 2 - Service Improvement Plans showing some slippage and/or will not meet target dates

Appendix 3 - Corporate Risks

Background papers: -
 Contact Officer: Cal Bellavia ☎5795
 Executive Member: Councillor Ms BM Witherford

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Appendix 1

Light grey = Green, Dark grey = Amber, Black = Red

Ref	Name	Year End Actual	Outturn Sep 12/13	Sep 11/12	Yr End Est	12/13 Target	District Top 1/4	Good Performance ?	Sep 12/13 (Row Comment)	Baseline
02 Cleaner & Greener Neighbourhoods - Business, Contract & Streetscene										
NI191	Residual household waste per household - District spatial level	451	228	224	450	450	550	LOW - Quarterly	figure relates to August 2012 and remains subject to confirmation. data includes March 2012-June 2012 MBT back allocation and 3rd party recycling	
03 Thriving Economy - Corporate Direction										
BV008	Percentage of Invoices Paid on Time	99.33%	98.62%	99.34%	98.00%	98.00%	N/A	High - Monthly		3478 out of 3531 invoices were paid in 30 days
LRBP8	Processing of new claims (days)	N/A	22.8		21	16	N/A	Low - Monthly	Introduction of phase 2 of Atlas by DWP means we are receiving additional 3,500 (approx) work items per month. These are duplicated as DWP continue to operate original system alongside. Indication was that this would end in July this year, but it hasn't so far. Have employed two additional staff for period of 8	1494 claims processed to date
LRBP9	Processing of Change of Circumstances (days)	N/A	17.84		16	8	N/A	Low - Monthly		10584 claims processed to date
LRBP10	Combined performance (NI181)	N/A	18.57		17	10	N/A	Low - Monthly		12419 claims/changes processed to date
LI008	Percentage of Invoices (local businesses) Paid on Time (Within 10 Days)	82.67%	68.49%	84.81%	80.00%	80.00%	N/A	High - Monthly		503 out of 752 invoices were paid within 10 days
LRBP7	Housing Benefit overpayments collection rate	N/A	33.76%		47.92%	61.00%	N/A	High - Quarterly	Values of overpayments increasing significantly. We raise in region of 300 invoices per mth with average value of 85k. From Nov 2012 will have additional person supporting this area for the partnership. Total paid =	
04 Thriving Economy - Community Direction										
LIB070bi	% of enforcement complaints acknowledged within 3 days	97.87%	99.22%	100.00%	95.00%	95.00%	N/A	High - Monthly		127/128 - April - September
LCD60	B.C. Completion Certificates sent within 7 working days of final completion	96.94%	90.74%	97.58%	99.00%	95.00%	N/A	High - Monthly	Appointing an additional BCO for 3 days a week until end of March 2014 to assist in performance.	196/216 - April - September
NI157b	Processing of planning applications as measured against targets for minor application types - District spatial level	93.07%	86.77%	91.80%	90.00%	90.00%	86.00%	High - Monthly	Variety of reasons for applications going out of time including applications going to committee because of number of representations or being called in. Also working constructively with legal to refine processes around legal agreements. 105/121 - April - September	
NI157c	Processing of planning applications as measured against targets for other application types	98.15%	94.53%	99.17%	95.00%	90.00%	93.00%	High - Monthly		242/256 April - September
BV066a	Rent Collection and Arrears Recovery	98.32%	97.29%	97.32%	98.16%	98.16%	N/A	High - Quarterly	Financial downturn causing tenants difficulty making regular payments also more take up of ben plus waiting for benefit payments	10.4m GBP
BV066d	Rent Collection and Arrears Recovery - Evictions	0.06%	0.09%	0.00%	0.17%	0.17%	N/A	Low - Quarterly	3 tenants evicted	3,400

Appendix 1

Light grey = Green, Dark grey = Amber, Black = Red

Ref	Name	Year End Actual	Outturn Sep 12/13	Sep 11/12	Yr End Est	12/13 Target	District Top 1/4	Good Performance ?	Sep 12/13 (Row Comment)	Baseline
05 Safer & Healthier Borough - Community Direction										
LHE32a	% Licences issued in 30 days (excluding hackney carriage driver licences)	99.50%	98.95%	99.50%	98.00%	98.00%	N/A	High - Quarterly	483 licences, permits and notices issued in the first two quarters 2012/2013.5 applications outside of P.I. due to representations against licence and application being determined by Licensing Sub-Committee.	
LHE32b	% Hackney Carriage Driver Licences issued within 60 days	95.00%	96.60%	97.50%	96.00%	96.00%	N/A	High - Quarterly	Party background checks and applicants not booking DSA driving tests soon enough.	
SAP16	Value for money based on attendances at programmes in the Sport & Physical Activity Commissioning Plan	N/A	7.35		3.28	2.28	N/A	High - 6 Monthly	Figures subject to change after locality check and challenge process. The aim is to lower this figure by year end to be within Â£1.00 of the initial vfm target.	
06 Strong & Distinctive Communities - Community Direction										
LHS212a	Average Time to Re-let Local Authority Housing (Sheltered Housing)	83	70	59	80	80	N/A	Low - Monthly		Number of voids 17 Number of days 1195
LHS212b	Average Time to Re-let Local Authority Housing (General Needs Housing)	18	21	20	16	16	N/A	Low - Monthly	Performance affected by some minor repair void repairs that took longer than expected to complete.	Number of voids 110 Total number of days 2299
NI142	Percentage of vulnerable people who are supported to maintain independent living LAA	98.50%	97.68%	98.70%	99.20%	99.20%	N/A	High - Quarterly		% of the 362 households in sheltered housing who have maintained independent living
NI156	Number of households living in Temporary Accommodation- District spatial level	9	13	10	15	10	8	Low - Quarterly	Increase in B&B usage for families due to increase in complex cases with mixture of drugs, violence, sexual abuse, mental health and ASB issues.	
07 Decent, Well Managed & Affordable Homes - Community Direction										
NI154	Net additional homes provided - KPI & LAA	373	135	156		450	NA	High - 6 Monthly	Return is estimate. Actual return and year end estimate will be available around mid November	Total number of households in the Borough is 45,377 (2011 census)
NI155	Number of affordable homes delivered (gross) - KPI & LAA	134	11	18		105	NA	High - 6 Monthly	Return is estimate. Actual return and year end estimate will be available around mid November	Total number of households in the Borough is 45,377 (2011 census)
08 Decent, Well Managed & Affordable Homes - Business, Contract & Streetscene										
LHS20	% of Customers satisfied with repairs		89.96%	91.79%	87.00%	87.00%	N/A	High - Monthly		968 jobs
09 Continuous Organisational Improvement & Support - Corporate Direction										
BV012	Monthly - Working Days Lost due to Sickness Absence	6.2	4.17	2.79	7	7	NA	Low - Monthly		186.1
LCUS1a	calls answered within 45 seconds	62.23%	51.99%	64.09%	85.00%	85.00%	N/A	High - Monthly	Performance impacted by staff leaving, sickness and peak-time holidays, however customer satisfaction continues to indicate that	YTD calls answered: 65,907
LCUS3	Ensure an appropriate person will see the customer within 10 minutes	79.10%	73.70%	77.80%	85.00%	85.00%	N/A	High - Monthly	satisfaction continues to indicate that	estimated 19,200 customers per year. Actual 12,669 customers seen
LCUS6c	Customer satisfaction with web services	36.80%	30.39%	38.68%	50.00%	50.00%	N/A	High - Monthly	On going work with web editors to improve service	803 customers chosen to give feedback via govmetric

Appendix 2 – Service Improvement Plans that are either showing signs of slippage or will not meet target dates

Service Improvement that will not meet target dates

Outcome	Action	Lead Officer	Progress
Continuous organisational improvement & support	Complete telephony review and procurement of new contract by Oct 2012	Julie Kenny	Being deferred and to follow relocation
	Academy Efficiency Version [30/6/2012]	Storme Coop	The EV has been developed to make key processes within the software quicker to complete (fewer key strokes) [July 2012] We will not be moving to the EV until substantial testing has been carried out so the implementation date will be moved towards the end of the year
	Shared Desktop [May 2012]	Storme Coop	All correspondence will be actioned based upon pre-determined weightings of priority and will be accessible by all partnership staff. This is only possible when the partnership is operating from the same server. [July 2012] Shared desktop to be installed September 2012

Service Improvement Plans showing some signs of slippage			
Outcome	Action	Lead Officer	Progress
CP04 - Reduce CO2 emissions in the borough	Reduce CO2 emissions within the Asset Management portfolio (2014)	Matt Burns	Projects identified to reduce CO2 at Hinckley Leisure Centre do not currently have funding. The profile of our operational portfolio is however changing and the new developments including the Hinckley Hub, Jubilee Building and Leisure Centre will concentrate on CO2 reduction as a part of each project where possible
	Strive to obtain BREEAM certification for new developments (Individual Project basis - Ongoing)	Matt Burns	Hinckley Hub ongoing. New Depot not viable for BREEAM due to tight financial constraints - it is considered that the project would achieve a Good rating if it were to be formally assessed. HLC to be confirmed. PV Solar cells now introduced into the Hinckley Hub scheme now assisting to push the energy certification from B to A. (Invest to save project considered outside of the Hinckley Hub scheme)
Continuous organisational improvement & support	SA02_Upgrade Uniform 8.2 and 8.3 [5/12, 11/12]	Nicola Alexander	[12/06] Testing 8.2 - issues with unimap are preventing go-live. No critical functionality required - key date for implementation is 10/12. (NA) [12/10] Testing 8.2 - unimap issues resolved, will be installed early Nov. (NA)
CP18 - Ensure people are safer	Continue to deliver and develop consequences/schools awareness projects (March 2013)	Maddy Shellard	Quarter 1: Project on course but need to consider academy changes and the implications of this Quarter 2 as quarter 1
CP16 - Maintain high levels of performance in comparison to similar authorities particularly for publicly determined priority services	Undertake annual National Benchmarking of Property Performance Data via CIPFA website (Sept 12)	Matt Burns	Agreed to include Utilisation Data for Hub Relocation Benchmarking. Approach and methodology agreed - planned for beginning of August. Not undertaken due to seasonal fluctuations in staffing levels. Re-scheduled utilisation survey for November 2012.
CP28 - Improve neighbourhoods and quality of life for residents	Develop Neighbour Dispute tool(January 2013)	Maddy Shellard	Quarter 1: Awaiting branding finalisation for Endeavour Quarter 2: as Quarter 1

Service Improvement Plans showing some signs of slippage - continued			
Outcome	Action	Lead Officer	Progress
CP30 - Support and educate individuals to improve skills and become volunteers	Continue to support Community Action Hinckley and Bosworth in the ongoing development and sustainability of the Social Enterprise Organisation(March 2013)	Edwina Grant	<p>Quarter 1: Ongoing support for establishment of Social Enterprise. Initial action planning meeting took place on 19th June to agree delivery plan for quarter 2 (Q1 delivery delayed to owing to ill health of Chief Officer). Payment to be on an outcomes related basis</p> <p>Quarter2: Development of the Social Enterprise Organisation has not developed at the rate planned, owing to the ongoing ill health of the Lead Officer. Initial discussions are in track to explore the taking forward of the S.E. through the collaboration of a number of key VCS organisations in the locality. A report outlining these proposals will be finalised by the end of Sept/early Oct 2012. To date ring fenced funds has not been pass ported as this is subject to payment by results arrangement. District Lead on Working Group to review and inform the VCS Infrastructure Support contract from April 2013. Draft specification for 2013 established and currently out to consultation Now withdrawn from VAL contract at the end of June 2012. Continued attendance at partner funding meetings, in order to keep under review options for H&B regarding infrastructure support services in the locality. Discussions underway with key VCS organisations in the locality to explore options for collaborative working locality. A report outlining these proposals will be finalised by the end of Sept/early Oct 2012</p>
CP02 - Improve facilities in our parks and open spaces	Improve access to Billa Barra Hill by July 2012	Paul Scragg	Not commenced due to staff shortages. Target for works December 2012
	Improve play provision at Waterside Park - due March 2014	Paul Scragg	Consultation prep not commenced as no progress with developer, and s106 not received. No progress with adoption due to lack of co-operation from developer - meeting developer Sept 2012.
	Develop 5 year green space delivery plan to implement GI strategy and PPG 17 and improve the quality of parks and open spaces - June 2012	Caroline Roffey	Slipped due to committee timetables, other priorities etc

Service Improvement Plans showing some signs of slippage - continued			
Outcome	Action	Lead Officer	Progress
CP06 - Reduce waste going to landfill and reuse more materials	Continue to encourage residents to recycle over 50% of their household waste – March 2013	Darren Moore	The amount of green waste recycled for the first quarter of 2012/13 was less than for the same period last year. In addition, the changes made by the Environment Agency in respect of treatment of street sweepings will also have a negative impact on overall recycling performance for household waste in view these can no longer be recycled/counted towards recycling performance. An increase in dry recycling is evident and green waste tonnage has increased during the second quarter due to the wet weather.
CP32 - Ensure that our services meet our customers' needs	32c - Work with our Partners to deliver a Customer Services Strategy for the Place by July 2012	Lynn Fray	This remains slow progress due to Partners commitment. Decision needs to be taken to have a locality approach bearing in mind the work with the HUB. 07.12 Plan to refresh our own Customer Service Strategy in line with move to Hub early 2013 if partnership strategy has not been set up.
CP38 - Improve the quality of residents homes	Carry out open consultation regarding parking issues at Forest Close, Groby and agree a way forward	Resident Involvement officers, Tracey Hodgkins, Ian Parsons	Difficulty in gaining mutually agreeable dates for open meeting, may result in slippage
	Investigate and implement offering a central heating servicing, CP 12 certification/ break down service, to 1) leasehold residents, 2)private landlords, 3) general public	Ian parsons, Barry Rollason	Until current contract to carry out central heating servicing (CP12 certs) to Council dwellings are completely resolved, reluctant to open up to other bodies, agencies
	Provide a Handy Man scheme	Tracey Hodgkins, Ian Parsons	project being investigated,

Appendix 3 - Corporate Risks

Net risk level = 9 (High Likelihood & High Impact)			
Risk	Review date	Risk owner	Review commentary
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	Oct 2012	S.Kohli	The final Finance Settlement is now not anticipated until mid December. There continues to be great uncertainty over the implications of Retention of Business Rates and Localisation of Council Tax Support. The latter has widespread implications for this Council. These implications are now fully documented as part of the local scheme which is being agreed within the County. The Finance Bill gets Royal assent at the end of November. Options to Pool Business Rates are also being considered and a final decision will be made once the business rates baseline and funding baselines are announced as part of the Finance Settlement. Latest estimates suggest a funding reduction of 6.1%. This is within the MTFs parameters and COB have identified £300K savings to meet any shortfall.
S.19 - Failure to improve sickness absence	Oct 2012	S.Atkinson	Concerns at the start of the new financial year have been addressed and the levels of absence are now at a similar level to the first half of 2011/12. This will be kept under monthly review for the next three months
S.33 - MIRA RGF Fund	Oct 2012	B.Cullen	BIS will consider signing off final Grant Offer at it's committee meeting on 1 Nov which will then allow HBBC to commence draw down of funds. A funding and delivery agreement is drafted and a S278 agreement which will help mitigate risks to HBBC on the delivery of the project and claw back. Draw down of funds will not commence until the agreements are formally signed off.

Net risk level = 8 (Medium Likelihood & High Impact)			
Risk	Review date	Risk owner	Review commentary
S.04 - Damage to Reputation/adverse publicity	Oct 2012	S.Atkinson	Net positive media coverage maintained. Concentration on short term issues: Barwell SUE, Bus Station development, Police Station, Town Centre (Regent Street) and overall financing. Preparing also for potential media interest in: Council Tax Benefit, Argents Mead/Leisure Centre and Enterprise Zone.

Net risk level = 8 (Medium Likelihood & High Impact) continued			
Risk	Review date	Risk owner	Review commentary
S.15 - Failure to successfully adopt and deliver the LDF leads to:	Oct 2012	B.Cullen	Good progress continues to be made on Evidence based documents to support the Local plan. Member workshops have convened on housing allocations and more work is required to gain political support to secure commitments to site allocations and work is programmed to achieve this. A revised and detailed project plan is in place linked to considering the Barwell SUE application which is now targeted for March 2013 determination. A draft report from consultants on the Gipsy and travellers Needs Survey is expected by early Nov.
S.29 - Loss of contract for Supporting People funded services	Oct 2012	S.Stacey	Contracts for older persons housing related support have been extended by the County council to allow time to discuss service specifications and impact on providers and customers of any proposed service. Service manager on working group looking at specificaiton. Service manager also considering alternative delivery methods - intensive housing management. Discussions with NWLDC continuing regarding control centre.
S.34 - Safeguarding Children and Young People	Oct 2012	Simon D. Jones	Safeguarding action plan being implemented by DSO's (Designated Safeguarding Officers) Linked Project Endeavour to Safeguarding Section 11 Audit undertaken - awaiting results. New employees are being trained in either Bronze, Silver or Gold standard

Net risk level = 6 (Low Likelihood & High Impact)			
Risk	date	owner	Review commentary
S.01 - Failure to focus on priorities and initiatives	Oct 2012	S.Atkinson	Focus maintained on delivery of Bus Station Site & Hinckley Hub, both on target. Alternative proposal for Argents Mead site to be presented to Council in November. Actions to relocate Depot on target for completion march 2013. MTFs still sound & contingency plans agreed, in case of worse than predicted settlement announcement in December. Increase in Planning fees by 15%, for which HBBC lobbied strongly, will give more headroom in financial position; being pushed by DCN. Actions now advanced regarding delivery of countywide Council Tax Benefit scheme and Business Rates 'pooling' by April 2013

Net risk level = 6 (Low Likelihood & High Impact) continued

Risk	Review date	Risk owner	Review commentary
S.06 - Failure to implement the Town Centre Plan	Oct 2012	B.Cullen	A revised Development Agreement with Tin hat regeneration Company has been agreed in principle to underpin progress being made in 2 stages as reported 1st Quarter. This will be considered by Scrutiny and Council in November. Subject to approval by Council Tin hat propose to start stage 1 works in May 2013. Council will also be asked to consider providing a developer loan which could bring in additional income from the scheme.
S.12 - Insufficient Business Continuity Management (incl Disaster recovery) arrangements	Oct 2012	S.Atkinson	The review process is ongoing and no major issues have been identified
S.13 - Failure to Manage Partnership working	Oct 2012	B.Cullen	The LSP Annual report or 2011/12 has been signed off by SLB and the LSP and will be reported to Scrutiny in Dec. This highlights good progress from key delivery partnerships including the CSP, LPG,TCP, H&WBP and E&SP.. Steady progress continues to be made on the innovative Endeavour Project.
S.16 - Failure to adhere to Health and Safety Legislation/ Regulations	Jul 2012	R.Parkinson	The H&S Officer continues to support the depot with a minimum average of 2 days per week. The revised Corporate Health and Safety for the Council has been signed off by the Chief Executive and is to be rolled out over the next few months to all staff. Housing repairs now in house and policies, risk assessments and safe systems of work developed by a consultant. H&S audits of other work areas are continuing. Legionella risk being monitored.
S.17 - A reduction in Benefit Subsidy as a result of error and/or poor performance impacting on Medium Term Financial Strategy	Oct 2012	S.Coop	PwC have confirmed the extent of the additional testing required and the benefit team leaders are currently working through those tests. PwC will be on site week beginning 12 November 2012 to review findings.

Net risk level = 6 (Low Likelihood & High Impact) continued			
Risk	Review date	Risk owner	Review commentary
S.27 - Failure to deliver / ensure sustainability to My Place Project	Oct 2012	B.Cullen	The centre continues to perform well and membership is over 3,000 and quarterly monitoring meetings through a joint board take place
S.30 - Review by the Equalities Commission for Human Rights of disability issues	Oct 2012	S.Atkinson	Completed work on Section 23 Agreement and submitted Action Plan, which incorporates existing activities and has been agreed by EHRC. Action Plan targets being delivered on time. No further information requested/required from HBBC by EHRC in response to follow up report in October 2012

Net risk level = 5 (Medium Likelihood & Medium Impact)			
Risk	Review date	Risk owner	Review commentary
S.14 - Dealing with numerous Public Enquiries	Oct 2012	B.Cullen	Monitoring continues of appeals and a 6 monthly update will be reported to Scrutiny
S.22 - Failure of County Council Support/ engagement for the Local Strategic Partnership	Oct 2012	B.Cullen	The LSP now sees regular attendance from a LCC Cabinet Member and senior LCC officer
S.25 - Failure to provide a fit for purpose Leisure Centre	Oct 2012	B.Cullen	An options study has now been complete and outcomes and recommendations will be reported to Scrutiny and Council in November. Funding streams have been identified to deliver essential requirements and subject to agreement by Council on 13 November a programme for delivery is developed to secure delivery by summer 2015

Net risk level = 3 (Low Likelihood & Medium Impact)

Risk	Review date	Risk owner	Review commentary
S.20 - Non-compliance with Financial Regulations - Caused by: misunderstanding or non-application by officers	Oct 2012	S.Kohli	This risk was reduced to Net Amber in February 08 following a favorable Internal Audit report in respect of compliance with Financial Regulations. At the year end review Mar 09 it was considered the net likelihood of this risk occurring should be reduced to low facilitating 6-monthly review. No significant issues arose during the year. Risk reviewed in April 2012 - added progress to additional mitigation plan. The position at 30th September 2012 remains unchanged.

Risk Opportunity (Low Likelihood & High Impact)

Opportunity	Review date	Owner	Review commentary
S.21 - Use of Rolling Revenue Budget Reports for movement of resources	Oct 2012	S.Atkinson	Further savings opportunities agreed with SLB/COB, should they be needed in light of settlement announcement in December for 2013/14. Supported by Trade Unions and position being reviewed in October/early November 2012.

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SCRUTINY COMMISSION – 31ST JANUARY 2013

S106 DEVELOPER CONTRIBUTIONS
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To inform members of the Scrutiny Commission of the position in respect of the Section 106 contributions that have not been spent within the 5 year period that contain a 5 year claw back clause and therefore are at risk of being clawed back by the developer, and those that are over 4 years old but not beyond the 5 years threshold.

2. **RECOMMENDATION**

That the report be noted.

3. **BACKGROUND TO THE REPORT**

Developers/applicants can be requested to make financial contributions to make a planning application acceptable, where it would otherwise be refused, towards infrastructure needed as a consequence of their development, i.e. towards play and open space, libraries, education facilities etc. The contribution request has to be in accordance with the Community Infrastructure Levy Regulations 2010. In addition, any contribution requested prior to the 27 March 2012 had to be in accordance with Circular 05/2005 Planning Obligations.

This can be done through entering into of a Section 106 agreement or the acceptance of a Unilateral Undertaking both of which identify the amount of contribution and when the contributions need to be paid, i.e. on the commencement of development or first occupation.

The latter option has no claw-back period. However, the money must be used for the purposes identified otherwise the developer may be entitled to claw the money back. Section 106 agreements have a claw-back period normally of 5 years, on the basis that if the infrastructure improvements are not in place by then, there is clearly no need for the facility.

The contributions are closely monitored through a database set-up on a parish basis and are available to the parish councils on request. This enables parish councils to clearly see what funds may come forward, to help them plan for improvements in their area. Open invitations have been sent to all parish council clerks with regard to receiving a presentation on understanding the full S106 process.

Whilst the database is complex, owing to the amount of information held, it helps to identify what money the development may bring in, when development has commenced, and monies outstanding. It also indicates where money has been committed through the Green Space Strategy.

When analysing the database, there is one s.106 agreement greater than 5 years old totaling £17,980.00, the Developer is in the process of clawing back this contribution. There is one s.106 agreement between 4 – 5 years totaling £72,200.00, and two between 3 – 4 years totaling £90,947.73:-

- Hinckley 44 Westfields Road, Hinckley £17,980.00 (5> yrs)

- Earl Shilton Land at 2 Oxford Street £72,200.00 (4-5 yrs)
- Earl Shilton 21 Breach Lane, Earl Shilton £44,730.00 (3-4 yrs)
- Hinckley 5 Mill Hill Road, Hinckley £46,217.73 (3-4 yrs)

The Section 106 Forum was set up 5 years ago and also monitors the database.

4. **FINANCIAL IMPLICATIONS**

Contained within the body of the report.

5. **LEGAL IMPLICATIONS [MR]**

The obligation as to when the monies must be repaid will depend upon the wording negotiated in the particular s.106 agreement. The two common obligations are for the Council to repay the monies:

1. after with period of 5 years – with no need for the developer to make request under the terms of the agreement
2. after 5 years but with the need for the developer to make a request, written or otherwise.

6. **CORPORATE PLAN IMPLICATIONS**

This document contributes to Strategic Aim of the Corporate Plan 'Safer and Healthier Borough'

7. **CONSULTATION**

N/A

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Risk	Mitigating actions	Owner
If monies are paid within the timescale but not used for the purpose identified or not used at all, then these may be clawed back by the developer /applicant.	Close monitoring of database.	Simon Wood / Rob Morgan

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

The effective monitoring of the database enables parish councils to clearly see what funds may come forward, to help them plan for improvements in their area.

Where there is a proposed new service, change of service, or a new or reviewed policy, an Equality Impact Assessment is required and has been undertaken and can be viewed here: 'non required'

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: S106 Database & NPPF

Contact Officer: Rob Morgan ext 5775

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SCRUTINY COMMISSION – 31 JANUARY 2013

PLANNING AND ENFORCEMENT APPEAL DECISIONS
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALLWARDS

1. PURPOSE OF REPORT

To inform Members of the Planning and Enforcement appeal determinations that have been made contrary to the decision of the Local Planning Authority.

2. RECOMMENDATION

The report is noted.

3. BACKGROUND TO THE REPORT

3.1 Since the last report to the Scrutiny Commission in April 2012 there have been 19 appeal decisions made by the Planning Inspectorate. 5 appeals allowed, 9 appeals dismissed; 2 appeals with split decision and 3 were withdrawn.

3.2 **Of those allowed 3 were recommended to committee for refusal and Members resolved to refuse the applications; 1 was recommended for approval and Members resolved to refuse the application; and 1 was an appeal against an enforcement notice.**

4. APPEALS ALLOWED

4.1 Appeal by **Mr Paul Chapman** against a refusal to grant full planning permission for the erection of dwelling, sub-division of existing detached garage, creation of new access and re-alignment of existing access 11/00399/FUL at The Bungalow, Barton Road, Congerstone

4.2 The Planning Inspector considered there are two main issues: (i.) the justification for the proposed dwelling in the countryside; and (ii.) the effect of the proposed development on public open space facilities. Both of these two issues were considered in light of the recently published National Planning Policy Framework.

4.3 With regards to the first issue over a dwelling in the countryside, the Planning Inspector noted that the site would be set within a cluster of existing dwellings. He considered the group of houses as a continuation of the settlement notwithstanding its location outside the settlement boundary. Local Plan Policies (RES5 and NE5) have been reviewed in light of the NPPF and such policies have limited consistency with the Framework given the specific location of the site. The Planning Inspector agreed with the Councils view that the site would be within a sustainable settlement, albeit outside the settlement boundary and the proposal would constitute sustainable development.

4.4 Furthermore the NPPF requires the Council to continue to identify a supply of specific deliverable sites sufficient to provide a five year housing supply plus an additional buffer of 5%. On the basis that the Council cannot demonstrate a 5 year housing supply and the proposal in the context of housing development in the countryside meets the presumption in favour of sustainable development as set out in the NPPF and this outweighs the requirement of Local Plan and Core Strategy policies. The

Planning Inspector concluded that the proposed development in this location is therefore justified.

- 4.5 In relation to the second issue over public open space provision the Planning Inspector referred to the relevant local plan policies IMP1 and REC3 as well as the Council Supplementary Planning Document: Play and open space guide (2008) [SPD] which were considered by the Inspector to be consistent with the Framework and accorded them significant weight.
- 4.6 The signed and dated Unilateral Undertaking putting forward the contribution towards open space was found to accord with the requirements of the SPD. The Planning Inspector also found that the planning obligation also meets the tests reiterated in paragraph 24 of the NPPF regarding CIL regulations. Accordingly the proposed development was not considered by the Planning Inspector would not conflict with the Framework, Policies IMP1 and REC3, or the SPD. It is interesting to noted that the support of the Inspector in respect of REC3 and the SPD which gives us some comfort going forward.
- 4.7 In light of the NPPF the Planning Inspector considered the proposal would be sustainable development in open countryside and without a 5 year housing supply the site is justifiable. The proposal also met the open space requirement in accordance with Local Plan Policy IMP1 and REC3, or the SPD consistent with the NPPF. Based on the above reasons the appeal succeeds.
- 4.8 **Inspector's Decision:** Appeal allowed
- 4.9 Appeal by **Mr Neil Chapman** against an enforcement notice over an unauthorised twin unit mobile home (11/00035/UNAUTH) on land at Dagleys Farm, Potters Marston Lane, Earl Shilton. Two main issues formed part of this informal hearing: i) whether there is a need for an agricultural worker to live on the land; and ii) the effect of the mobile home on the character and appearance of the countryside.
- 4.10 In relation to the first issue with regards to essential need, the Planning Inspector agrees with the conclusions made in the Reading Agricultural Consultants report that the scale and nature of the livestock enterprises present and anticipated give rise to animal welfare demands requiring the ready availability of a worker at most times, and that suitable alternative housing does not appear to be available.
- 4.11 It is noted by the Planning Inspector that the business consists of breeding and rearing a number of farm animals which require close attention. Turnover is currently limited due to restricted building cover. The enterprise appears capable of being sufficiently profitable to support the appellant. Given the nature of the enterprise and its economic viability, the Planning Inspector found there is an essential need for an agricultural worker to live on the land.
- 4.12 Turning to the second issue that is over its impact on the character and appearance of the countryside, the mobile home is sited on land at low level, well screened from surrounding views. The Planning Inspector argues that traffic movements to and from the land are likely to be fewer than they would be were the appellant to live elsewhere and travel to the holding. The mobile home would therefore accord with criteria (i.) to (iv.) of LP Policy NE5 and similar aspects in Policy BE1 which aim to protect the character and appearance of the countryside and ensure road safety. On this basis the Planning Inspector concludes that the effect of the mobile home on the character and appearance of the countryside would be acceptable.
- 4.13 The appeal is allowed, the enforcement notice is quashed and planning permission is granted on the application for use as agricultural land to a mixed use of agricultural and residential use, and the siting of a twin unit mobile home for residential use

subject to conditions. The conditions include limiting the planning permission for the standard 3 years, secure access, layout and parking arrangements and limiting occupation to those engaged in agriculture.

- 4.13 **Inspector's Decision:** Appeal allowed
- 4.14 Appeal by **Mr and Mrs Crawford** against the refusal to grant full planning permission for extensions and alterations to Vine Cottage, Ormes Lane, Ratcliffe Culey (11/00978/HOU). The main issues were the effect of the proposed extensions on the living conditions of residents of the adjoining property at 19 Ormes Lane, and on the character and appearance of the locality.
- 4.15 The main area of concern raised by the Council was the impact of the proposed first floor extension at the rear of Vines Cottage on the living conditions of the adjoining property to the north, 19 Ormes Lane. The Planning Inspector considered that the height increase as a result of adding a first floor extension above the existing single storey extension and the position of the adjoining property is such that there is unlikely to be any material effect on the light reaching either the nearest windows of this property or rear garden.
- 4.16 The Inspector addresses reference to a statement used by the Council from the Councils House Extension SPG over acceptable distances along a common boundary for single storey and two storey extensions. However, the Inspector dismisses applying this statement in this specific case since the existing single storey extension is already more than 3 metres in length and in any event set back from the common boundary.
- 4.17 It was noted that Vine Cottage formed a relatively secluded position at the end of a cul-de-sac where little would be seen of the proposed extensions. While it was suggested that the front extension would unbalance the front elevation, there is no significant symmetry to this elevation that would be harmed. For these reasons the proposed extensions would not appear visually intrusive or out of place. As such, there would be no conflict with Policy BE1 (a) of the Local Plan.
- 4.18 Overall the Inspector concluded that the proposed extensions would not adversely affect the living conditions of residents of the adjoining property at 19 Ormes Lane, nor would they have an adverse effect on the character or appearance of the locality. In granting permission conditions have been imposed to ensure a satisfactory appearance to the completed development and to specify the approved plans, for the avoidance of doubt.
- 4.19 **Inspector's Decision:** Appeal allowed
- 4.20 Appeal by **Mrs Ashby** against the decision to grant planning permission subject to conditions for the change of use of land from agricultural land to mixed use of agricultural and equestrian land and retention and erection of associated buildings (part retrospective) at Land at Markfield Lane, Thornton.
- 4.21 The appeal sought to remove conditions 4, 6 and 7 of planning permission 11/00755/FUL which state:
- 4.22 Condition 4 – “Within three months of the date of the decision notice, the stables, storage building and field shelters illustrated on plan numbers 40 and 50, received by the Local Planning Authority on the 16.9.11 shall be removed”.
- 4.23 Reason for condition 4 – “In the interests of visual amenity and to protect the character of the countryside, in accordance with Policy NE5 of the adopted Hinckley and Bosworth Local Plan”.

- 4.24 Condition 6 – “No buildings or structures, including any temporary buildings or structures, other than those approved by this consent, shall be erected within the application site as shown edged in red on plan no P60”.
- 4.25 Reason for condition 6 – “To reduce proliferation of development on the rural landscape in the interests of visual amenity and character of the countryside and in accordance with policy NE5 of the adopted Hinckley and Bosworth Local Plan”.
- 4.26 Condition 7 – “The development hereby permitted shall only be used for personal use and shall not be used in connection with a riding school/livery yard or any other business or commercial use”.
- 4.27 Reason for condition 7 – “To ensure that the use of the site is not to the detriment of highway safety and the requirements of Policies NE5 and T5 of the Adopted Hinckley and Bosworth Local Plan”.
- 4.28 Main issues
- 4.29 In respect of this appeal, the inspector considered two main issues;
- a) the impact of the proposals on the visual amenity of the site and surrounding countryside; and,
 - b) the impacts on highway safety.
- 4.30 Reasons/consideration
- 4.31 Conditions 4 and 6
- 4.32 The Inspector initially comments that much of the appeal site is open to wider public views and an uncontrolled proliferation of buildings and structures within an area with extensive public access would have a detrimental impact contrary to Local Plan Policy NE5 which seeks to protect the countryside for its own sake.
- 4.33 Furthermore the Inspector accepts that the aim of conditions 4 and 6 is to impose a degree of control over the location of the various buildings and other structures on the appeal site and the avoidance of uncontrolled proliferations of structures is clearly appropriate for the site.
- 4.34 However, in the opinion of the Inspector, the wording of condition 4 is imprecise as he understands that it was not the intention of condition 4 to remove all 6 structures shown, but rather to relocate the buildings which require planning permission to the positions as set out on plan 60 together with the additional structures to be permitted. Subsequently, the Inspector recommends rewording condition No.4.
- 4.35 The Inspector proceeds to make reference to two additional “goat shelters” on skids located close to the permitted group of buildings. These goat shelters were not the subject of the planning application as the applicant was under the impression that they did not require consent. The Inspector raises this point in relation to condition No. 6 which again sought to control the proliferation of buildings across this site by restricting the erection of buildings or structures, temporary or not, to only those approved by consent 11/00755/FUL. Here, the Inspector appears to acknowledge the need for these two smaller shelters for goats and explains that if they were located close to the permitted structures as at present, their visual amenity could not be said to amount to a material harm to the appearance of the countryside, although that would not be the case if such structures were allowed to proliferate across the site. Notwithstanding this opinion, the Inspector concedes that in view of the amount of buildings and structures already permitted for this site, any additional structures

should only be permitted following a planning application submitted to and express permission granted by, the Council.

- 4.36 However, the Inspector concludes that condition 6 is defective as it makes reference to a red line on plan P60 when that plan neither shows the total extent of this site nor contains any red line and therefore the inspector recommends that the condition be reworded to remove this discrepancy.
- 4.37 Condition 7
- 4.38 The Inspector clearly acknowledges that the vehicular access to the appeal site is substandard in terms of width and visibility and expresses some concern over traffic travelling down hill (approaching from the north east) increasing normal stopping distance requirements on a length of road subject only to the national 60 mph speed limit. These points are raised because the inspector concedes that the condition restricting commercial activities, which could otherwise result in an increase in the volume of traffic attracted to this site is justified on grounds of highway safety.
- 4.39 The appellant raised concerns that as the animals were used as part of business purposes off site, i.e. the animals were housed on site but taken off site to shows and other activities that this condition would prevent that existing activity. The Inspector acknowledges that while the possibility of the appeal site being used as a commercial activity needs to be addressed, the condition could be reworded to ensure that the use of the site is appropriately controlled without preventing the animals on the site being taken by the appellant to shows and other events off site.
- 4.40 Inspectors conclusion
- 4.41 The inspector considered that condition 4 be replaced to provide further accuracy and clarify that the 2 shetland pony mobile shelters and 2 horse mobile shelters shown on plan 40, be relocated to the positions shown on plan 60 and that only the mobile goat shelters shown on plan 40 are required to be removed. All of which is required to take place within 3 months of the date of the decision letter.
- 4.42 In relation to condition 6, the inspector replaced this condition with a condition which references both plan 60 and plan 10 as plan 10 contains the red edge of the application site and plan 60 clearly shows the location of the approved buildings. This condition still commands that no buildings or structures, including any temporary buildings or structures other than those approved by consent 11/00755/FUL shall be erected within the application site (without consent from the LPA).
- 4.43 The Inspector chose to amend condition 7 to remove the reference of "connection" to any livery school/livery yard or any other business or commercial use to allow the site to be used in conjunction with business/commercial activities which take place off site. However, the replaced condition still commands that the development site itself shall not be used for the purposes of a riding school/livery yard or any other business or commercial use.
- 4.44 **Inspector's Decision:** Appeal allowed
- 4.45 Conditions 4, 6 and 7 relating to permission 11/00755/FUL are formally replaced by the following conditions:
- 4.46 Condition 4: Within 3 months of the date of this decision letter, the 2 Shetland pony mobile shelters and 2 horse mobile shelters shown on plan 40 shall be relocated in accordance with the proposed re-siting of these structures shown on plan 60. The mobile goat shelters shown on plan 40 received by the Local Planning Authority on the 16/09/2011 shall be removed;

- 4.47 Condition 6: No buildings or structures, including any temporary buildings or structures, other than those approved by this consent and located in accordance with plan 60, shall be erected within the application site as shown edged red on plan 10.
- 4.48 Condition 7: The development hereby permitted shall be for the stabling and grazing of horses and other livestock and shall not be used for the purposes of a riding school/livery yard or any other business or commercial use.
- 4.49 Appeal by **David Wilson Homes East Midlands** against the decision to refuse to grant planning permission for the erection of 28 dwellings and garaging, including, demolition of 261 Main Street at 261 Main Street, Stanton Under Bardon, Markfield Leicestershire,
- 4.50 In respect of this appeal, the Inspector identified the main issue as the effect of the proposal on the provision of housing within Stanton Under Bardon, with particular regard to its effect on the Hinckley and Bosworth Borough Council Local Development Framework (LDF) Core Strategy Spatial Vision.
- 4.51 Background
- 4.52 The Inspector initially outlines the circumstances in which this decision was made as it was considered by Planning Committee in June 2012 together with an outline planning application for a proposed development of 38 dwellings at land at the rear of 169 Main Street, Stanton Under Bardon. The Inspector notes that the Officer Report to the Committee offered 4 alternative options for consideration and suggested that there is only capacity for one of the residential developments within the village, but either of them were acceptable. The Committee resolved to approve the outline application at 169 Main Street, and the application subject to this appeal was refused on the grounds that it would result in an over provision of housing within Stanton Under Bardon and be detrimental to the Spatial Vision of the Council's Core Strategy.
- 4.53 The Inspector highlights that at the point of the consideration of the application mentioned above (June 2012), the committee report stated that the council was unable to secure a five year housing land supply of deliverable sites, based on October 2011 figures, however, since this date, the Council has identified a 5.02 year housing supply based on April 2012 figures. The Inspector proceeds to draw attention to paragraph 49 of the National Planning Policy Framework (Framework) which states that relevant policies for the supply of housing should not be considered up to date if the local planning authority cannot demonstrate a five year supply of deliverable housing sites.
- 4.54 The Council has recently changed its method of addressing its previous shortfall in providing the number of houses per year required to meet this target from spreading it over the current five year period, which is known as the Sedgefield approach, to spreading it over the residual period. This change in approach was justified by suggesting that the shortfall would be compensated for later in the plan period, in accordance with the Inspectors report on the Core Strategy. However, the Inspector explains that circumstances have significantly changed since that report (with particular regard to the Area Action Plan) and as such the housing trajectories envisaged in that report have been significantly affected. In respect of this particular matter, having regards to all arguments and other appeal decisions, the Inspector found compelling reasons why the Sedgefield approach to calculating provision should be used as it would attempt to meet the shortfall experienced earlier in the plan period and thus be consistent with advice given in the Framework.
- 4.55 The Inspector moves forward to acknowledge the 5% buffer applied in the Council's calculations, consistent with para 47 of the Framework. However, it is explained that

para 47 also requires that a 20% buffer be applied in instances where there is a record of persistent under delivery. On this point the Inspector accepts that the Council over delivered in the period between 2001 and 2006 but explains that this is outside the plan period and clarifies that between the period of 2006 and 2012, the council has sufficiently delivered in only one of these years.

- 4.56 The argument put forward by the Council on this matter was that this under provision was not because of a lack of granting planning permission, but a lack of implementation of consented schemes. The Inspector dismissed this approach explaining that the Framework does not give this as a reason for persistent under delivery. Based on this, the Inspector concludes that a persistent under delivery has taken effect in the period of 2006-2012 and as such, a 20% buffer should be applied.
- 4.57 On the matter of housing supply the Inspector acknowledged the appellant's argument in respect of sites which they considered undeliverable for various reasons. Various sites across the borough were sited including Westfield Nurseries (10 dwellings), 59 High Street, Barwell (10 dwellings), Markfield Road, Groby (20 dwellings), Trinity Vicarage Road (13 dwellings). While questioning the figures of approved sites, the Inspector also gave particular attention to the councils projection for the Sketchley Brook Site in Burbage concluding that because of delays resulting from an outstanding section 106 agreement and ground works being required the site was likely to incur about an 18 month delay before the start of construction of the dwellings. The inspector considered that this delay was likely to result in 45 fewer dwellings than allowed for in the five year housing supply (375). On this point and in relation to the Barwell Sustainable Urban Extension Scheme, the Inspector dismissed the appellants attempt to discredit the projected housing figures anticipated for this site on the grounds that permission is yet to be granted even though the appellant refers to footnote 11 to paragraph 47 of the Framework to support their argument. Here the Inspector acknowledged that the scheme was likely to receive a grant of planning permission in light of the level of negotiations which have taken place and that whilst the current absence of planning permission provided a degree of uncertainty about the timescales and level of delivery on the site, the Inspector did not accept that this means that the development would not be deliverable given the level of commitment shown by the Council.
- 4.58 Summarising on the issue of five year housing land supply, the Inspector accepted the appellant's arguments with regards to the approach to address the shortfall (Sedgefield) and the level of buffer that should be applied (20%). The Inspector also finds that based on the evidence at the hearing, the Council has been optimistic with regards to the delivery of housing on some of the larger sites, even though he dismissed the arguments put forward in respect of the Barwell Sustainable Urban Extension. In conclusion, it is found that the housing land supply falls significantly short of what is required in the five year period.
- 4.59 The provision of housing
- 4.60 The Inspector explains that in the absence of a deliverable five year housing land supply, the relevant policies are not to be considered up to date and in accordance with the framework, and as such, the proposal should be considered in the context of the presumption in favour of sustainable development given in paragraph 14 of the Framework.
- 4.61 In respect of affordable housing, this scheme proposed eight affordable housing units and the Inspector draws attention to the Councils Affordable Housing report which identifies a substantial need for affordable housing in Stanton Under Bardon and policy 15 of the Core Strategy which requires at least 480 affordable dwellings in rural areas to contribute to its target of 2090 affordable homes in the Borough from 2006 to 2026. The Inspector reports that as the Council has not provided any

evidence to show that there is not a substantial need for affordable housing in the village, the contribution to affordable housing contained within the proposal carries significant weight.

- 4.62 The inspector then turns to the matter which formed the basis of the Council's reason for refusal- the impact the proposal would have on the Core Strategy Spatial Vision. As part of the informal hearing the Council reiterated this concern identifying that by permitting this development it would set a precedent for other similar developments in Rural Villages and would undermine the Spatial Vision. The Inspector highlights that the Council has not provided any information regarding similar sites that may come forward should permission be granted for this proposal. The Inspector concludes that he cannot see any harm that the proposal would cause to the spatial vision and proceeds to clarify this by identifying that each future case should be dealt with on its own individual planning merits in the light of prevailing policies and guidance.
- 4.63 The Council gave reference to appeal decision APP/K2420/A/102138596 in its reason for arriving at the decision it made. However, the Inspector considers that this decision was made under different circumstances, and was decided prior to the publication of the most recent policies given in the Framework and as such, draws no comparison to between the appeal decision and current appeal.
- 4.64 Other matters
- 4.65 The Inspector chose to accept the proposed provisions set out for affordable housing and financial contributions toward civic amenities, libraries, play and open space, and the National Forest and is satisfied that they meet the tests in CIL Regulation 122 and paragraph 204 of the Framework. However, regarding contributions towards bus and travel facilities the Inspector stated that insufficient information was provided to support the need for contributions toward bus passes, bus stops and travel packs and as such was not satisfied that the this particular contribution met the requirements of CIL Regulation 122 and paragraph 204 of the framework as it was not required to make the development acceptable in planning terms or was considered directly related to the proposed development.
- 4.66 Conclusion
- 4.67 Having considered all matters identified within the Inspector's decision the Inspector finds that the proposal would not have an adverse effect on the provision of housing within Stanton Under Bardon and that any potential harm that permitting this development would cause to the Hinckley and Bosworth Council LDF Core Strategy Spatial Vision is more than outweighed by the need for housing, including affordable housing within the Borough.
- 4.68 **Inspector's Decision:** Appeal allowed
- 4.69 **SPLIT DECISIONS**
- 4.70 Appeal by **Gary Smith** against an enforcement notice issued for the erection of two antennas to the south gable wall without planning permission (08/00483/UNAUTH) at 2 Hawthorne Rise, Groby.
- 4.71 Firstly the appeal is based on the burden of proof on ground (d) where the onus is on the appellant to show, on the balance of probability that the erection of two antennas to the south gable wall took place on or before four years from the date the enforcement notice was issued.

- 4.72 The four year period is between 21 September 2007 and 21 September 2011. The Inspector considered the use has continued without material interruption since that date. The appellant stated that the erection of Mast 1 took place in early 2006 and Mast 2 in early 2004, which was re-erected in mid-2006.
- 4.73 The appellants case was supported by three factors: (i.) a Google earth image dated 3 July 2006 which clearly shows a mast with the same physical features as Mast 2 and activity in the vicinity of Mast 1 which was not inconsistent with the appellant's case that it was erected in July 2006 (ii.) a photograph with a processing date of 15 April 2007 taken in early 2006 clearly shows Mast 2 (iii.) invoices related to items associated with the erection of the two Masts.
- 4.74 The Council was adamant that Mast 1 was erected on the south elevation of the house in October 2007 having previously been erected on the garage of the house at a lower level. In relation to Mast 2, the Council asserts that a different mast had been erected in the same position as mast 2 in early 2006 but in October 2007 the appellant materially increased its height. It was erected in breach of planning control less than 4 years before the issue of the enforcement notice. The Inspector then considered complaints to the Council, the actions and responses taken and the subsequent enforcement action after June 2010.
- 4.75 The Inspector found the Council could not give precise dates to when the position of Mast 2 was taken down and re-erected at a greater height other than there was general activity with masts at the site in October 2007. However, direct dates of the erection of the masts at the property were provided by those involved in the process of their erection.
- 4.76 Taking into account the evidence submitted by the appellant, the Inspector was inclined to the view that mast 2 was erected before 21 September 2007. In the absence of any substantive evidence from the council to contradict the appellant's evidence the Inspector found that Mast 2 had been erected in its present form since 2004. Thus at the time the enforcement notice was issued, it was too late to take action against Mast 2. The appeal under ground (d) in respect of Mast 2 succeeds.
- 4.77 The Inspector considered that the evidence submitted in respect of Mast 1 from either party is less clear than Mast 2. The photographic evidence that supported the appellants Mast 2 claims as to the date of its erection is not as compelling in respect of mast 1. The appellant claims that there is some activity in the vicinity of the mast 1 position in the Google Earth image but it is not clear. The Inspector noted no mast in the position of Mast 1 is visible on the photograph processed in April 2006.
- 4.78 The Council contended that a mast originally erected against the garage was re-sited and erected at a greater height as Mast 1. This was considered unlikely by the Inspector as it was explained by the appellant that the original (garage) mast was oxidised (old) and had a different specification / frequency range from Mast 1. The Inspector found, on the balance of probabilities, that the evidence submitted by the appellant in respect of Mast 1 does not meet the relevant test for submitted evidence set out in Circular 10/97. The onus of proof is firmly on the appellant and he has not provided credible evidence of his own to make the council version of events less than probable. The appeal on ground (d) in respect of mast 1 fails.
- 4.79 Overall the appeal was allowed by the Inspector in part and the enforcement notice was upheld with corrections. In summary the Inspector makes a split decision; Mast 2 succeeds and Mast 1 fails. The Inspector directs that the enforcement notice be corrected by the following: (i) the substitution of the plan annexed to this decision indicating the site and position of Mast 1 and Mast 2, (ii) the deletion from paragraph 3 of the words "two antennas" and the substitution therefore of the words "an antenna indicated as Mast 1 and marked as such in the plan attached to this notice" and (iii)

the deletion from paragraph 5 of the words “two unlawful antenna” and the substitution therefore of the words “unlawful antenna marked as Mast 1 on the plan attached to this notice”. The Inspector dismisses the appeal and upholds the notice.

- 4.80 **Inspector’s Decision:** Split decision
- 4.81 Appeal by **Mr & Mrs D Hughes** against the refusal to grant full planning permission for extensions and alterations (11/00876/FUL) at 1A Main Street, Thornton.
- 4.82 Firstly the Inspector describes the nature of the decision which has been split. The appeal is dismissed insofar as it relates to the construction of a 1½- storey ‘dormer style’ rear extension. The appeal is allowed insofar as it relates to the retention of the 2 velux windows within the existing kitchen extension as previously approved under application 10/00239/FUL.
- 4.83 The Inspector considered that the main issue was the effect of the proposal on the character and appearance of the existing dwelling. The Inspector noted that the proposal is for a two storey rear extension to an existing converted barn which has a simple gable ended form. Given its central position, projecting some three metres, it would occupy a substantial element of the rear elevation. It was considered by the Inspector to dominate the barn conversion through its bulk and mass as well as distracting from its simple gabled form. The fenestration details would have a poor relationship to the architectural proportions of the original barn conversion. The three roof lights to both roof planes would overcomplicate the roof form and detract from the simple quality of the existing roof with its well-spaced roof lights and dormers.
- 4.84 The Inspector was of the opinion that the proposed extension would have a detrimental impact on the character and appearance of the existing barn conversion. The design of the proposal would harm the character and appearance of the existing dwelling contrary to policy BE1 of the Local Plan.
- 4.85 The Inspector then commented that the two roof lights to the kitchen area would be well-spaced and reflect the form and nature of other roof lights on the property. Whilst noting that the Council raise no objection, the Inspector considered these two roof lights were acceptable and therefore proposes to issue a split decision as the windows have already been inserted, there are no appropriate conditions.
- 4.86 The Inspector dismissed the use of LP policy BE20 and the SPG: Conversion of Rural Buildings since this policy and guidance relates to the reuse and adaption of rural buildings and not to the extension of already converted buildings. However, the SPG clearly indicates the Councils intent in ensuring that the character of the original building is not overwhelmed or dominated by large inappropriate extensions.
- 4.87 In conclusion the inspector considered that the appeal should be allowed in respect of the two velux windows to the kitchen and dismissed in relation to the rear extension.
- 4.88 **Inspector’s Decision:** Split decision
- 4.89 **Cost decision for an award of costs**
- 4.90 Appeal by Gary Smith against an enforcement notice issued for the erection of two antennas to the south gable wall without planning permission (08/00483/UNAUTH) at 2 hawthorne Rise, Groby. The appellant also made an application for costs. In considering that application, the Inspector formed the following conclusions;
- 4.91 Matters to why it was expedient to take enforcement action was clearly stated on the enforcement notice and no wrong doing was done by the Council in this respect

4.92 The Council behaved appropriately doing site visits and investigations taking into account the views of the Parish Council and other interested parties in reaching its decision in September 2011.

4.93 An award of costs is not justified and therefore the Inspector refused the application for a full award of costs.

5. **FINANCIAL IMPLICATIONS [PE]**

5.1 There are no financial implications contained within the body of this report.

6. **LEGAL IMPLICATIONS (AB)**

6.1 None raised directly by this report

7. **CORPORATE PLAN IMPLICATIONS**

7.1 The Council needs to manage its performance through its Performance Management Framework in relation to appeals.

8. **CONSULTATION**

8.1 None

9. **RISK IMPLICATIONS**

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
Financial implications to the Authority in defending appeals	Take into account the risk in refusing planning applications and the likely success of an appeal	Simon Wood/Tracy Miller

10. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

10.1 None

11. **CORPORATE IMPLICATIONS**

11.1 None

Background papers: Application files and appeal documentation

Contact Officer: Tracy Miller, Development Control Manager, ext 5809



1. **PURPOSE OF REPORT**

- 1.1 The report seeks to advise Councillors of the Local Authority Climate Change declaration initiative, Climate Local, and outline the implications of becoming a signatory.
- 1.2 Indicate whether HBBC is willing to become a signatory.
- 1.3 Seek agreement for progress to the next stage of the process with the objective to set out clear and measurable actions.

2. **RECOMMENDATION**

- 1.4 That Scrutiny Commission members approve that the report be submitted to Executive with the recommendation that Hinckley and Bosworth Borough Council sign up to Climate Local.
- 1.5 That a Climate Local Action Plan be developed and brought back to a future Executive meeting for approval and to indicate HBBC's continued ambition to act on a changing climate.

3. **BACKGROUND TO THE REPORT**

- 3.1 Climate Local is a refreshed version of the Nottingham Declaration on Climate Change which Hinckley and Bosworth Borough Council signed in 2004. It reaffirmed its commitment on the 28 November 2006 by signing the Nottingham Declaration 2, requiring the Authority to prepare a Climate Change Strategy and Action Plan.
- 3.2 The Hinckley and Bosworth Climate Change Strategy and Action Plan 2008-11 was adopted on 29 April 2009 and a refreshed 2011-14 version has now been implemented.
- 3.3 Climate Local results from the Local Government Group (LGG) and the Department of Energy and Climate Change (DECC) Memorandum of Understanding (MoU) which acknowledges the pivotal role of local authorities in reducing carbon emissions. It sets out how DECC and the LG Group proposes to work together to help and encourage all local authorities to take firm actions to reduce their own carbon emissions, reduce emissions in their area and participate in national carbon reduction initiatives at the local level.
- 3.4 The initiative plans to drive, inspire and support councils' efforts both to reduce carbon emissions and also improve their resilience to the effects of a changing climate and extreme weather.
- 3.5 Climate Local will provide web-based resources and it would be expected that the Council will report progress to enable other authorities to benefit from our experiences.
- 3.6 By signing Climate Local HBBC would declare its ongoing commitment to reducing carbon emissions and responding to changes in the climate within our own

operations, services and the local community. It will enable the Authority to seize opportunities and benefits accruing from climate action: savings from lower energy consumption, generating income from renewable energy, potential financing for new jobs, investment in green industries and a reduction in fuel poverty. By becoming adaptable to the changing climate there is less risk from flooding and a greater awareness of the impacts of extreme weather conditions. Our natural environment will also be better protected.

3.7 By signing Climate Local HBBC will commit to:

- Setting out specific, measurable and challenging actions we will take locally to further reduce carbon emissions and to manage climate impacts at a local level as a community leader, service provider and estate manager
- Involving the local community by publishing our commitments, actions and progress for scrutiny
- Sharing the learning from our experiences and achievements with other councils
- Regularly refresh our commitments and actions to ensure they are current and continue to reflect local priorities

4. FINANCIAL IMPLICATIONS (AG)

4.1 Finance related to any actions will be brought forward for discussion in the next report which will follow consultation across all services of the detailed commitments.

4.2 Resource costs are within the existing Environmental Health budgets dependent upon final commitments.

5. LEGAL IMPLICATIONS (AB)

Like its predecessor the Nottingham Declaration the Climate Local Declaration will not be a legally binding document and no legal liability will accrue against the Council for a failure to meet any of the commitments within it.

6. CORPORATE PLAN IMPLICATIONS

This report supports the vision “a borough to be proud of” contained in the Corporate Plan 2010 to 2015 and contributes to Cleaner and Greener Neighbourhoods by reducing carbon dioxide emissions and enhancing and protecting the natural environment, contributing to a Thriving Economy by attracting new jobs and investment in “green” industries, reducing fuel poverty and helping to manage the impacts of extreme weather (drought, heat waves) thereby providing a Safer and Healthier Borough, and Providing Strong and Distinctive Communities by supporting more elements of the community through an emphasis on business and enterprise development and volunteering.

7. CONSULTATION

Consultation was carried out with Scrutiny Environment Group and Leicestershire Together Environment Board.

8. RISK IMPLICATIONS

It is the Council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project

have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
There will be a risk to the authority's reputation through a lack of commitment to climate change action.	As Climate Local replaces the Nottingham Declaration signing will support HBBC's action on carbon reduction and climate resilience.	Jane Neachell

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

No further implications identified in conforming to the EIA carried out for the HBBC Climate Change Strategy and Action Plan.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Climate Change Strategy and Action Plan 2011-14

Contact Officer: Jane Neachell Extn: 5968

Executive Member: Cllr. David Gould

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A Borough to be proud of

Hinckley & Bosworth
Borough Council

Overview and Scrutiny Work Programme 2012/2013

ISSUE 2012/04: JANUARY 2013

Welcome to Hinckley and Bosworth Borough Council's Overview and Scrutiny Work Programme, which sets out the work to be carried out by the Council's Overview & Scrutiny function during 2012/2013.

A structured, focussed and supported scrutiny process, which dovetails into the Council's wider democratic, performance and financial management processes, provides for an evidence based approach to challenging and developing the Council's long term vision and priorities and ensuring that the needs of the Borough's Citizens are met.

This is the seventh year that we have managed the work of scrutiny through a work programme. Following a review of progress in November 2005, it was proposed that future work programmes be configured into the following categories to better represent all the roles and responsibilities of the Overview and Scrutiny Function:

- **Scrutiny Topics** – This includes items of particular interest to overview and scrutiny that can be classified as 'scrutiny topics' to investigate in particular detail.
- **Performance Management Information** – Information provided by the council identifying current performance levels against performance indicators, progress with implementation of business delivery plans, best value reviews and service improvement projects. This is in accordance with the Council's Performance Management Framework.
- **Participation in Policy Development Issues** – These are issues being revised or introduced by the Council or other external organisations. The Overview and Scrutiny Function should be engaged in the development of such matters so that the decision-making body (Executive, Council or external organisation) are informed of all possible views before taking a decision / agreeing a new policy.
- **Tracking of implementation with previous recommendations** – The scrutiny commission will review progress with the implementation of previously agreed recommendations.
- **Committee Management Issues** – These include the minutes of previous meetings, progress reports on actions, overview and scrutiny work programmes and development issues for the overview and scrutiny function.

The Work Programme ensures that Scrutiny's work is:

- outcome focussed;
- prioritised accordingly;
- resourced properly; and
- project planned properly.

The Work Programme has been designed to ensure it is a living document and it will be reviewed at each meeting of the Scrutiny Commission, and the Finance, Audit & Performance Committee will also review its section at each of its meetings, to ensure it remains focussed and relevant.

Councillor Matthew Lay
Chairman of Scrutiny Commission

SCRUTINY COMMISSION

TIMETABLE

Scrutiny Commission – Thursday 31 January 2013					
Function	Activity/ Objective	Reason	Vision, Values and Aims	Responsible (member/ officer)	External Involvement
Scrutiny Topics	Budget & Council Tax setting reports	Pre-decision scrutiny	All	Deputy Chief Executive (Corp Dir)	Consultation on priorities
	Council tax base for local precepting authorities	Request of commission	All	Deputy Chief Executive (Corp Dir)	
Performance Management Information	Performance report	Deferred from FAP's cancelled meeting	All	Chief Executive	
Participation in Policy Development Issues	Climate local	Seek support for signing up to agreement	Cleaner & greener	Deputy Chief Executive (Comm Dir)	
Tracking Of implementation of previous recommendations	Developer Contributions & Planning Appeals updates	Regular updates to monitor performance	All	Deputy Chief Executive (Comm Dir)	Developers
Committee Management Issues					

Scrutiny Commission – Thursday 14 March 2013

Function	Activity/ Objective	Reason	Vision, Values and Aims	Responsible (member/ officer)	External Involvement
Scrutiny topics	Protecting wildlife	Request of Member	Cleaner & Greener		
	Dog fouling – enforcement	Request of commission	Safer & healthier borough		
	Capital projects	Request of Commission for update	All	SLB/ Executive	
Performance Management Information	Value for money – Business & Street Scene	Request of Commission	Cleaner & greener		
Participation in Policy Development Issues	Planning policy	Update on progress re site allocations & core strategy	All	Deputy Chief Exec (Comm Dir)	
Tracking Of implementation of previous recommendations	Review of anti poverty strategy	In light of welfare reforms	All corporate aims	Relevant Chief Officer for Scrutiny	Voluntary & community groups, local organisations, key stakeholders
Committee Management Issues					

Scrutiny Commission - Thursday 25 April 2013

Function	Activity/ Objective	Reason	Vision, Values and Aims	Responsible (member/ officer)	External Involvement
Scrutiny Topics	Linking colleges with industry	Request of commission	Thriving economy	Deputy Chief Exec (Community Direction)	LEP, colleges, businesses
	Procurement: review of previous decisions	Request of commission			
Performance Management Information					
Participation in Policy Development Issues					
Tracking Of implementation of previous recommendations	Environmental Improvement Programme	Year end update as requested August 2012			
	Review of anti-poverty strategy	In light of welfare reforms – update on impact	All	SLB / Executive	Partners / community & voluntary sector / public
Committee Management Issues					

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Agenda Item 18

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

FINANCE, AUDIT & PERFORMANCE COMMITTEE

10 DECEMBER 2012 AT 6.30 PM

PRESENT: Mr PAS Hall - Chairman
Miss DM Taylor – Vice-Chairman

Mrs R Camamile, Mr R Mayne, Mr JS Moore, Mr K Morrell and Mrs L Hodgkins

Also in attendance: Tim Ridout (CW Audit Services)

Officers in attendance: Katherine Bennett, Julie Kenny and Sanjiv Kohli

292 APOLOGIES AND SUBSTITUTIONS

An apology for absence was submitted by Mr J Bannister and in accordance with Council Procedure Rule 4.1 Mrs L Hodgkins substituted.

293 DECLARATIONS OF INTEREST

No interests were declared at this stage.

294 MINUTES OF PREVIOUS MEETING

On the motion of Mrs Camamile, seconded by Mr Mayne it was

RESOLVED – the minutes of the meeting held on 29 October 2012 be confirmed and signed by the Chairman.

295 AUDIT COMMITTEE EFFECTIVENESS TRAINING

Tim Ridout of CW Audit Services gave a presentation on the role of the Audit Committee.

It was agreed that members have regular refresher training. Training sessions to begin in January.

296 INTERNAL AUDIT PROGRESS REPORT

Tim Ridout presented the audit report to Members.

Points highlighted were:

- It was requested, and agreed, that responses to issues identified within Audit Reports should be more informative
- In response to the Sundry Debtors Audit, the ability to extract information from the notes facility in the Civica system be explored further and any cost implications to be reported back to Committee
- Areas of Housing Responsive Repairs caused concern to Members. Officers reported that a review of the areas causing concern is being undertaken and a progress report will be presented at the next meeting of this committee
- Any unresolved issues on the audit report will be reported to Members in more depth.

297 CAPITAL PROGRAMME 2012/13 TO 2015/16

Members were presented with the Capital Programme for 2012/13 to 2014/15.

It was reported that consultation with tenants will begin in the new year to get their views on the spending options of the HRA monies available.

298 REVENUES AND CAPITAL OUTTURN 2ND QUARTER 2012/13

Members were informed of the revenue and capital outturn position at the end of the second quarter. Due to savings made, the general fund balances were in a positive position going forward to setting the 2013/14 budget.

Members were asked to consider recommendations for delivery of future budgets.

299 UPDATE ON BUSINESS RATE RETENTION AND POOLING

The Deputy Chief Executive (Corporate Direction) gave an update as to the current position of the Business Rate Retention and Pooling scheme. The current position is still for the Council to remain in the scheme but will be looked at again in January when budget figures are fully known.

(The Meeting closed at 8.15 pm)

CHAIRMAN

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

BARWELL & EARL SHILTON SCRUTINY GROUP

17 DECEMBER 2012 AT 6.30 PM

PRESENT: Mr K Nichols - Chairman

Mr DM Gould, Mr MS Hulbert, Mr C Ladkin and Mrs J Richards

Officers in attendance: Richard Crosthwaite, Rebecca Grant and Simon Wood

25 APOLOGIES

Apologies for absence were submitted on behalf of Councillor Allen and Councillor Mrs Smith.

26 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 19 November 2012 were agreed.

Mr Nichols stated that he had not received the reports Severn Trent agreed to forward. Mr Wood confirmed he would look into this.

27 BARWELL SUE UPDATE

The transport assessment from LCC was circulated.

Applicants are aware of the findings of the assessment and are comfortable with the position with regards to the modelling and are continuing in discussions with HBBC and LCC. The Strategic Transport Assessment (STA) for the Area Action Plan will be presented at the January meeting of this committee and officers from LCC will be invited to attend, together with the transport consultant responsible for the preparation of the STA. It was requested that the impacts and modelling be presented in 'laymans' terms. In order for LCC Officers to attend scrutiny meetings it has been advised that permission must now be sought from the Chief Executive of LCC. A letter is to be drafted to be sent out on behalf of the Scrutiny Commission to seek permission for the attendance of relevant LCC Officers at future meetings of this Group. Mr Nichols to raise with Scrutiny Commission on Thursday 20 December.

The agents have submitted an addendum to the Environmental Statement which provides a review of the ecological implications of the revised green infrastructure proposals. The amendments include;

1. a widened landscape buffer around the Local Wildlife Site;
2. the number of footpath crossings over the River Tweed has been reduced to two; and
3. a section of land adjacent to Ashby Road that was proposed for housing has been set aside for landscaping to protect views of the Grade II listed Barwell House Farm.

An addendum to the Planning Statement and also the Design and Access Statement has also been submitted. Neighbour notification letters have been sent out to all residents surrounding the site and 20 site notices have been posted around the site, within Barwell Village Centre and within Stapleton.

A link to the documents will be circulated to Councillors.

28 EARL SHILTON SUE UPDATE

Ongoing discussions with agents. Plans are scheduled to be submitted March/April 2013. Officers chasing the waste water treatment odour report that had been expected from STW on Friday 14 December.

29 SUE INFRASTRUCTURE REQUIREMENTS UPDATE

Updates given included:

Education

Ongoing discussions with applicants, LCC and HBBC. Agreement that primary school facilities needed in SUE and contributions towards any necessary improvements to Secondary/Upper schools to accommodate additional pupil numbers.

Play & Open Space

A formula has been agreed for maintenance contributions. The applicant has suggested that they would like to put forward a proposal for a management board to facilitate this. Parish Council to be contacted re involvement in these discussions.

Affordable Housing

Discussions still ongoing. At the present time 20% has been earmarked for affordable housing in line with the adopted Core Strategy requirement.

Police and PCT

Discussions ongoing.

30 DATE OF NEXT MEETING

It was agreed that the next meeting be held on 21 January 2013.

(The Meeting closed at 7.30 pm)