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Bill Cullen MBA (ISM), BA(Hons) MRTPI
Chief Executive



**Hinckley & Bosworth
Borough Council**

Date: 19 January 2023

To: Members of the Scrutiny Commission

Cllr MR Lay (Chairman)	Cllr L Hodgkins
Cllr C Ladkin (Vice-Chairman)	Cllr K Morrell
Cllr P Williams (Vice-Chairman)	Cllr A Pendlebury
Cllr JMT Collett	Cllr MC Sheppard-Bools
Cllr DS Cope	Cllr R Webber-Jones
Cllr MJ Crooks	

To: Members of Finance & Performance Scrutiny

Cllr JMT Collett	Cllr LJ Mullaney
Cllr DS Cope	Cllr MC Sheppard-Bools
Cllr E Hollick	Cllr R Webber-Jones
Cllr C Ladkin	Cllr P Williams
Cllr K Morrell	

Copy to all other Members of the Council

(other recipients for information)

Dear Councillor,

The attached reports were marked 'to follow' on the agenda for the joint budget meeting of the **SCRUTINY COMMISSION** and **FINANCE & PERFORMANCE SCRUTINY** on **THURSDAY, 26 JANUARY 2023**

Please place these with your papers for the meeting.

Yours sincerely

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

Rebecca Owen
Democratic Services Manager

SCRUTINY COMMISSION - 26 JANUARY 2023

LATE ITEM

6. BUDGET REPORTS:

- (a) General fund budget 2023/24 (Pages 1 - 18)
- (b) Housing revenue account budget 2023/24 (Pages 19 - 34)
- (c) Fees & charges 2023/24 (Pages 35 - 64)
- (d) Capital programme 2022-23 to 2025-26 and capital strategy (Pages 65 - 90)
- (e) Treasury management strategy 2022-23 to 2026-26 and prudential indicators 2022-23 to 2025-26 (Pages 91 - 128)



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	22 February 2023

Wards affected: All

2023/24 GENERAL FUND BUDGET

Report of Head of Finance

1. Purpose of report

- 1.1 To seek approval of the 2023/24 General Fund Revenue Budget.
- 1.2 The General Fund revenue budget has been prepared taking into consideration the capital programme and Housing Revenue Account (HRA) budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

2. Recommendation

- 2.1 That the following are recommended for the Council to approve items a-d and consider:
 - a) The General Fund budget for 2022/23 and 2023/24 shown in section 3.3
 - b) The Special Expenses area budget for 2022/23 and 2023/24 shown in section 3.6
 - c) The proposed one-off movement in the 2022/23 budget as shown in section 3.9
 - d) The proposed movement in General Fund Reserves and balances for 2022/23 and 2023/24 shown in sections 3.16-3.23

3. Background to the report

- 3.1 The key objectives for the General Fund Revenue budget for 2023/24 can be summarised as follows:

- To align expenditure on services to the Council's Corporate Plan.
- To provide for reductions in government grant funding for 2023/24 and future years.
- To encourage identification of savings and income generation opportunities across the Council.
- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.

Budget Summary

- 3.2 Local Authorities continue to face financial issues due to another one-year financial settlement, a cost-of-living crisis and inflation pressures over and above what can be collect from the taxpayer.

The current administration has taken difficult decisions in prior years in the face of uncertainty to ensure that pressures are addressed, but also trying to ensure that these actions are proportionate and balanced in light of the issues mentioned above

- 3.3 The original budget for the financial year 2022/23, along with the revised budget for 2022/23 and the proposed budget for 2023/24 are set out below. For 2022/23 the overall general fund position is comparable to that presented at Council in November 2022, where explanations were given for the changes to the original budget. In 2023/24 service expenditure has increased from £15.790m to £17.628m. This is an increase an increase of £1.838m.

Table 1	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
Support Services	105,810	78,060	116,228
Corporate Services	2,604,068	2,848,714	2,222,847
Community Services	2,667,469	3,151,905	3,207,341
Environment & Planning	8,688,380	9,268,344	10,969,825
S31 Collection Fund Support	1,724,767	1,724,767	0
Impact of Pay Award	0	520,000	0
Impact of Increased Utility and Fuel Costs	0	110,000	0
Additional Net Growth (Saving) not in above	0	0	1,111,858
Total service expenditure (Net)	15,790,494	17,701,790	17,628,099
Less:			

Special Expenses	(719,800)	(740,800)	(783,720)
Capital Accounting Adjustment	(1,554,130)	(1,554,130)	(1,589,700)
Net external interest (received)/paid	(68,960)	(268,960)	227,150
IAS19 Adjustment	(488,620)	(488,620)	(1,958,190)
Transfer to (from) Unapplied Grants Reserve	(55,000)	(433,491)	(15,060)
Carry forwards from prior year	0	(136,740)	0
Transfer to reserves	175,990	175,990	40,000
Transfer from reserves	(652,708)	(2,174,508)	(1,834,582)
Transfer to (from) Collection Fund Reserve	(1,724,767)	(1,724,767)	0
Transfer to/(from) balances	464,625	258,922	(13,826)
HBBC Budget Requirement	11,167,124	10,614,686	11,700,171

The major variations between the 2022/23 Original Estimate and the 2023-24 Original Estimate are detailed below -

Table 2	Total £000s
Light fleet replacement additional costs	55
Revenues and Benefit Contributions	82
Utility cost inflation	369
Local Plan Budget reprofile	(139)
Leisure Centre income contractual increase	(235)
Pay cost increases (all elements, NI, Pensions and increments)	1,348
inflation (Net)	106
Pension lump sum decrease	(180)
garden waste income	(54)
Collection fund support – reversal of Covid 19 support on General Fund now not required	(1,725)
Pensions and Capital Accounting adjustments reversed below the line	1,750
Enterprise zone (EZ) income	(814)
MRP and Interest on EZ loan	412
UK Shared Prosperity Fund *	(505)
UK Shared Prosperity Fund *	505
Net additional growths	1,112
Total	2,087

*The Council has been successful in bidding for this funding. The funding is based around 3 key themes:

- Communities and place
- Local business
- People & skills

To support these 3 national themes, within Hinckley and Bosworth we have identified 5 key local priorities

- Cost of Living challenges
- Climate Change impacts
- Town Centre enhancements
- Employment & Skills
- Health & Well Being

The table below shows non contracted growths and savings (net additional growths) in the table above/.

Table 10		
Pressures	Savings	Description
£000s	£000s	
130	0	Car parking (impact of reduction in usage)
8	0	Member development
91	0	Waste- agency driver pressure
110	0	Waste Fuel pressure
25	0	Ash Dieback
200	0	Leisure Centre Utility clause
50	0	ICT costs -additional revenue upgrade costs
25	0	Mallory Park review of Enforcement options
9	0	Environmental Health pest control
2	0	Environmental Health Taxi licences
2	0	Environmental Health service ICT and Software
40	0	Climate change- Change and Carbon Reduction Officer post
30	0	Climate Change - studies and prepare bids for external funding
0	30	Climate change- Hug Funding
183	0	Election costs
16	0	Legal Services - Agency costs
100	0	Homelessness - Temp accommodation costs
50	0	Homelessness - Prevention costs
30	0	Environment and planning - Consultancy costs
0	10	Environment and planning - income
20	0	Environment and planning - recruitment advertising
98	0	External Audit fees
110	0	New Waste Round due to property number increase
50	0	Increase planning appeal costs

3	0	Refuse sacks (increase due to fuel costs)
53	0	Bio-diesel witch- lower Carbon
10	0	Tree planting
215	100	Additional agency cover costs offset by £100k salary saving
0	4	planning service savings
0	30	Elections voter ID section 31 grant
20	0	Markets income reduction
0	300	Hinckley Hub NHS income
0	27	Support Service Savings Ku SPF funds
0	18	Savings- Director led
1,680	519	

Special Expense Area

- 3.4 This represents the cost of parks and cemeteries 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 above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.5 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.
- 3.6 The proposed budgets for the Special Expenses area have been compiled in accordance with an overall increase in the Borough Council Tax Base of 1.015%. Details of the council tax base are included in the Council Tax report. Due to the adequacy of balances, there will be no increase in Council Tax for Special Expenses. This means the £5 increase in Council Tax will be allocated to the Wider Borough in total.

Table 3	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
Expenditure	719,800	750,800	783,719
Transfer to/(from) balances	(16,851)	(26,851)	(70,628)
Transfer to/(from) reserves	78,500	57,500	78,500
S106 Contributions	(25,816)	(25,816)	(28,000)
Budget Requirement	755,633	749,999	763,591

- 3.7 Balances in the Special Expenses Area (SEA) are estimated as follows:

Table 4	£
Balance on 1st April 2023	321,461
Transfer to/(from) Balances 2022/23	(16,851)
Transfer to/(from) Balances 2023/24	(70,628)
Estimated Balance on 31st March 2024	233,982

Total Council Budget for 2023/24.

- 3.8 The total overall budget for 2023/24 in the direct control of the Council is therefore:

Table 5	Original Estimate 2022/23	Revised Estimate 2022/23	Original Estimate 2023/24
	£	£	£
HBBC Budget Requirement	11,167,124	10,614,686	11,700,171
Special Expenses Budget Requirement	755,633	755,633	763,591
Total Budget Requirement	11,922,757	11,370,319	12,463,762

- 3.9 The original budget for 2022/23 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These budget were approved at council in November 2022.

The only major change since November is a successful bid to the UK Shared Prosperity Fund (UKSPF) for funding, which we achieved, getting £2.6m over three years. The Table below is the 2023/24 and gives budget changes that require approval.

	£
UKSUF expenditure 2022/23	257,780
UKSUF income 2022/23	(257,780)

Forecast Budget 2023/24 – assumptions and process

- 3.10 The original budget for 2022/23 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Table 2 above details the major changes.
- 3.12 The budget has been created with 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.).

- 3.13 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) has stood around 10% in year, the application this represents an effective saving on running costs. For contracts, an inflation rate of 4% has been used, unless otherwise specified within the terms of the specific contract. Again, this represents an effective saving of 6%.
- 3.14 The salaries and wages budget are the most significant element of the revenue budget. For pay costs, the 2023/24 estimates have been based on the latest pension valuation and a provisionally pay settlement of 5%. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2022/23.

Apart from the growths and savings list above, the following items have been included in the service budgets: -

Table 11 Other pressures and savings 2023/24	Costs £000	Savings £000	Description
MRP	30		Revenue cost of Capital financing via borrowing.
MRP EZ Loan	214		Revenue cost of financing EZ Loan
Interest	296		Includes £339k income for EZ loan but includes actual interest cost of £168k for loan

- 3.15 The Leicestershire Pension Fund is re-valued in accordance with statutory requirements. There is currently an 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 21.9% will be used with an additional 1% being included for Ill Health retirement insurance. In addition, a lump sum value of £606,530 (General Fund Element) is payable to the Local Government Pension Scheme which is contained in a corporate budget.

Original Budget 2023/24 – summary of key issues and considerations

- 3.16 In addition to service priorities, there are a number of wider issues, identified for 2023/24 and previously in the Medium-Term Financial Strategy. A summary of these items and how they have been addressed in the budget is provided below.

Balances

- 3.17 The Council has a current policy of maintaining a general fund balance of 15% of the net budget requirement. This will not be possible for 2023/24 and a target of 10.9% has been used for the budget setting in order to protect overuse of reserves to support the general fund in the 2023/24 year. Further details will be provided when the MTFS is presented in July 2023. The Council's income from Central Government has reduced significantly since 2016/17, with more emphasis on local sources on funding from Council Tax and Business rate growth. The New Homes Bonus income has also dramatically reduced due to changes in the way government fund this activity. The table below shows this pressure.

	2016.17	2017.18	2018.19	2019.2	2020.21	2021.22	2022.23
Core Funding (Non- Ctax) £m	6.60	6.00	5.60	5.00	4.40	4.10	3.90
Core Funding (Council Tax) £m	4.30	4.60	4.80	5.10	5.30	5.40	5.66
	10.90	10.60	10.40	10.10	9.70	9.50	9.56
Core Funding (Non- Ctax) %	60.6%	56.6%	53.8%	49.5%	45.4%	43.2%	40.8%
Core Funding (Council Tax) %	39.4%	43.4%	46.2%	50.5%	54.6%	56.8%	59.2%
	2016.17	2017.18	2018.19	2019.2	2020.21	2021.22	2022.23
Business rates Growth	0.50	0.51	0.92	1.19	1.78	1.64	2.28

- 3.18 However, the table also shows that Business Rates funding, which HBBC have benefited from in the past, is a variable source of income and has a higher risk of volatility.

- 3.19 The Council therefore has the following policies relating to levels of balances and reserves for 2023/24:

- To maintain an average general balance (non-earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement in 2023/24. Based on the forecast position for 2023/24 this would determine a need for £1,755,000 of General Fund balances, the forecast position is that £1,274,047 will be achieved but is dependent on using £956,780 of earmarked reserves to support the general fund position. This comes from closing the Hinckley Community Development Fund (£350,000) and from the Business Rates Equalisation Reserve (£606,780). The same discipline is also applied to the Special Expense Area.
- 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 additional notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account.

- 3.20 The projected movement of the General Fund Balances is detailed in the table below and indicates that balances forecast as 31st March 2024 for Special Expenses are above 15% but the general fund balance is at 10.9%. Final

movements in balances for 2022/23 will be confirmed at year end and considered as part of future review of reserves.

Table 12	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2023	1,353	1,067	286
Amount Taken to /(from) Balances 2022/23	203	259	(56)
Balances at 31 March 2023	1,556	1,326	230
Amount Taken to/(from)Balances 2023/24	18	(14)	32
Balances at 31 March 2024	1,574	1,312	262
Net Budget Requirement	12,463	11,700	763
Minimum Balance requirement (15%)	1,869	1,755	114
Surplus Balance	(295)	(443)	148

Earmarked Reserves

- 3.21 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements during 2022/23 and 2023/24. The tables below summarise the changes required to the current approved budget for 2022/23 and lists the approvals required in 2023/24.

Table 13 Reserve	Transfer to 2022/23 £	Transfer to 2023/24 £	Use
Special Expenses Reserve	0	(110,000)	Set aside to fund future capital costs and one of revenue costs
ICT Reserve	0	(15,000)	Set aside to fund future costs
Elections	0	(25,000)	Set aside to fund future costs
Total	0	(150,000)	

The following additional transfers from reserves require approval by Council:

Table 13 Reserve	Transfer from 2022/23 £	Transfer from 2023/24 £	Use
Local Plan Procedure	(142,402)	150,000	Re-profiling of expenditure for use on local plan
Special Expenses Reserve	11,000	31,500	To fund proms in the park in 22/23 Free Car Parking in 23/24
Waste Management Reserve	0	125,000	Release element not required.
Business Rates Retention	87,365	606,780	22/23 release element to cover collection fund deficit. 23/24 Release of element not currently required
Elections Reserve		50,005	Use to fund 2023/24 local election
Enforcement & Planning Appeals	50,000	120,000	Use to fund in year enforcement and appeals costs
Hinckley Community Development fund		350,000	Used to support in year pressures.
Developing Communities Fund		300,000	Used to support in year pressures.
S31 Collection Fund	236,072		Write out collection fund grant to fund the in-year deficit.
Council Tax Hardship		42,797	Release of reserve to support in year costs
Total	697,025	1,733,285	

3.22 Based on these calculations, it is estimated that excluding the Council will hold £5.908 million in earmarked reserves as at 31st March 2023 and £3.154 million at 31st March 2024. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

Local Government Finance Settlement

- 3.23 The Council's budgets are highly sensitive to changes in the finance settlement and Government policy. Funding announced in the 2023/24 Local Government Finance Settlement (Provisional), along with additional elements of financing are detailed in the table below.

Note that the Business rates growth figure below is highly likely to change and could be higher or lower. This is because from 1 April 2023, the rateable values of all non-domestic properties in England will be updated to reflect the property market as at 1 April 2021. This will ensure business rates bills are fairly distributed across all non-domestic properties and reflect changes in market conditions since 2015. Due to the significant changes in the rateable values, reliefs and how section 31 support will be affected the revised position will not be available until late January 2023 when the NNDR 1 is finalised.

Table 14	2022/23 Original Budget	2022/23 Original Budget	Mvt Inc/(Dec)
	£	£	£
National Non-Domestic Rates BLF (Base Line Funding)	2,687,603	2,696,030	8,427
Business Rates Growth *	2,599,297	2,835,480	236,183
Lower Tier Support Grant	236,716	215,616	-21,100
Services Grant	179,153	100,950	-78,203
New Homes Bonus	528,875	581,966	53,091
Net Collection Fund Surplus / (Deficit)	39,837	(66,041)	(105,878)
Council Taxpayer	4,895,643	5,144,303	248,660
RSG (included in BLF in 2022/23)	0	191,867	191,867
Total Financing	11,167,124	11,700,171	533,047

- 3.24 The following points should be noted:

- The reset of business rates has been delayed a further year, and
- An increase in New Homes Bonus Income of £0.58m mainly caused by a redistribution of government funds,

Business Rates Retention and Pooling

- 3.25 Leicestershire will remain in the pool for now, as the level of income fall due to Covid- 19 is not expected to be great enough to require the pool to be suspended for 2022/23 but will be kept under review.
- 3.26 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after taking into account discounts, collection rates and appeals estimates. For 2022/23 HBBC will have a 40% tier

which is approximately £15.8m, the table above gives the element retained once Tariff and Levy charges have been made.

The retained business rates of this Council are subject to a tariff, which the government have increased from £9.6m in the 2022/23 to £11.4m in 2023/24 which reduces the gain to HBBC by £1.8m. Any growth over a set baseline (£2.7m) is subject to a “levy” payment of £2.6m, which is paid to the business rates pool. The settlement announced that a safety net threshold for all Councils of 7.5%. On this basis, this Council would need to lose £2.5m of Business Rates before a safety net payment will be made

- 3.27 The NNDR1 form which set out the final budgeted position for this Council was approved by the Head of Finance (S151 officer) on 31 January 2023.
- 3.28 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form.
- 3.29 Budgeting for business rates is difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.

New Homes Bonus

- 3.30 New Homes Bonus (NHB) 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.
- 3.31 The Financial settlement since 2016/17 have seen the continued reduction of NHB funding from £2.9m in 2016/17 to £0.58m for 2023/24. It is not clear if the 2023/24 is the last year payments will be made under the current procedures, but it is assumed it will continue at a similar rate until the business rate reset. The Government have noted they wish to introduce a more targeted funding to replace the current NHB scheme but have not yet released any details of how this will operate. Any replacement is expected to be at a much-reduced level on that received historically.

Leisure Centre Income

- 3.32 For 2023/24 the contractual Management fee is estimated to be £1.12m. This cost has been included as a growth. The income based on an indexation increase for 2023/24 estimated to be £1.12m but will be based on March 2023 inflation figures.

The risk remains on the future profitability of the leisure centres, due to the current economic environment. Places for People (PfP) (the leisure centre operator) has a contractual clause for utilities. This means the Council has to

part fund above utility costs above the average rate of inflation, which has been estimated to be £0.2m for 2023/24.

Table 15	2022/23	2023/24
Net Management Fee £	885,000	1,120,400

- 3.33 The 2023/24 budget should be read in conjunction with the Council's Fees and Charges book for 2023/24, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised in the Fees and Charges report.

Leicestershire Revenues and Benefits Partnership

- 3.34 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2023/24 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects an increase of £81,882, if possible, compared to 2022/23:

	HBBC £
2023/24 Contribution	1,525,530
2022/23 Contribution	1,443,650
Difference – Increase/(Decrease)	81,882

Investment (Income/Costs)

- 3.35 In recent years the country has faced unprecedented levels of public sector borrowing which had reached a peak in 2019/20. The government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.36 The Base Rate is currently 3.5%. This is due to rise over the forthcoming months then set to level out in the last quarter of 2023 and 1st quarter of 2024. A rate of 4.5 has been assumed for the 2023/24 budget. This increase in rates means that borrowing rates are higher but investment rate will also increase. This has been allowed for in the interest budget.
- 3.37 Net interest has been estimated at £227,150 expenditure and is based on a cash flow and borrowing forecast. This allows for an increase in income of £228,000 and additional interest costs of 16,000 and interest payment for the EZ loan of Enterprise Zone of £168,400.

Major Projects

- 3.38 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including the crematorium.

The full impact of all schemes is detailed in the Capital Programme.

Council Tax

- 3.39 For 2023/24 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase. The General Fund budget is based on a £5 average band D increase, with no increase specific allocation of this to the special expenses area.

Summary of the overall 2023/24 budget position

- 3.40 The budget proposed for 2023/24 is achieving 10.9% general fund balance in relation to net expenditure against a target of 15% (£1.7m). This target is in place to leave a buffer for unexpected or unplanned pressures. Savings of £391,000 would be needed to be made in 2023/24 to achieve 15%. To achieve the 10.9% forecast ££957,000 of earmarked reserve are being released to the general fund to support cost pressures. Without the use of the earmarked reserve, the target would have fallen to 2.71% (£0.32m), which is considered too low a safety margin.
- 3.41 Earmarked reserves are expected to fall from £5.9m to just under £3.1m by 31 March 2024. The general fund balance is forecast to be £1.27m by this date. Therefore, the Council can achieve its financial targets for the 2023/24. However, given the significant changes in Local Government Financing, the 2023/24 budget should be considered in light of the MTFS, which will be reported in July 2023. Initial indications are that years after 2023/24 will be subject significant pressures. Members should note, failure to set a balanced MTFS that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, as part of their VFM.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves.

7. Corporate Plan implications

- 7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated in order to ensure delivery of all of the aims, outcomes and targets included in the Council's Corporate Plan.

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.

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 these report / decisions 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 is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
That decisions made for 2023/24 are made in isolation from the Medium-Term Financial Strategy and the pressures set out in that strategy.	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

10. Knowing your community – equality and rural implications

- 10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.
- 11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.
- 11.3 The pressure that is in the budget for 2022/23 poses risks for all the council's activities, including these areas.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: None

Contact officer: Ilyas Bham, Accountancy Manager x5924
Executive member: Cllr K Lynch

Appendix 1 - General Fund Earmarked Reserves

	Closing Balance 31st March 2022	Capital Expenditur e Revised	To Revenue Revised Budget	From Revenue Revised Budget	Closing Balance 31st March 2023	Capital Expenditur e Revised	To Revenue Original Budget	From Revenue Original Budget	Closing Balance 31st March 2024
Special Expenses Reserve	(286,285)	114,166	52,500	(110,000)	(229,619)	45,750	31,500	(110,000)	(262,369)
Local Plan Procedure	(683,514)		191,000	0	(492,514)		150,000		(342,514)
Business Rates Equalisation Reserve	(2,560,780)		542,365	0	(2,018,415)		606,780		(1,411,635)
Year End Carry Forwards	(135,760)		135,760	0	0				0
Maint Fund - Green Towers	(45,000)		0	(5,000)	(50,000)		50,000		0
ICT Reserve	(74,750)	15,000	54,000	(9,250)	(15,000)	30,000		(15,000)	0
Waste Management Reserve	(130,260)	15,000	0	(136,740)	(252,000)	15,000	125,000		(112,000)
Asset Management Reserve	(400,000)		0	0	(400,000)	200,000			(200,000)
Election Reserve	(25,005)		0	(25,000)	(50,005)		50,005	(25,000)	(25,000)
Grounds Maintenance	(30,000)		0	0	(30,000)				(30,000)
Enforcement & Planning Appeals	(230,000)		50,000	0	(180,000)		120,000		(60,000)
Building Maintenance costs	(588,120)		0	0	(588,120)				(588,120)
Hinckley Community Development Fund	(350,000)		0	0	(350,000)		350,000		0
Developing Communities Fund	(704,810)	282,815	0	0	(421,995)		300,000		(121,995)
Environmental Improvement Reserve	(62,051)		22,051	0	(40,000)		40,000		0
Crematorium Reserve	(500,000)	48,421	0	0	(451,579)	451,579			0
Financial Support Reserve	(1,080,000)		1,080,000	0	0				0

	Closing Balance 31st March 2022	Capital Expenditur e Revised	To Revenue Revised Budget	From Revenue Revised Budget	Closing Balance 31st March 2023	Capital Expenditur e Revised	To Revenue Original Budget	From Revenue Original Budget	Closing Balance 31st March 2024
S31 Collection Fund Reserve	(1,960,839)		1,960,839	0	0				0
Enterprise Zone - Covid	(295,911)		0	0	(295,911)	295,911			0
S31 Ctax Hardship Support	(42,797)		0	0	(42,797)		42,797		0
Total	(10,185,882)	475,402	4,088,515	(285,990)	(5,907,955)	1,038,240	1,866,082	(150,000)	(3,153,633)



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	23 February 2023

Wards affected: All

HOUSING REVENUE ACCOUNT BUDGET 2023-24

Report of Head of Finance

1. Purpose of report

- 1.1 To seek approval of the 2023/24 Housing Revenue Account (HRA) budget, including the Housing Repairs Account.

2. Recommendation

- 2.1 That Council approves the Rent Policy for 2023/24 as set out in paragraph 3.3 to 3.5.
- 2.2 That Council approves:
- The revised Housing Revenue and Housing Repairs Account budgets for 2022/23 shown in Appendix 1 and Appendix 2.
 - The Housing Revenue and Housing Repairs Account budgets for 2023/24 shown in Appendix 1 and Appendix 2.
 - The proposed movement in reserves shown in Appendix 3.
- 2.3 The Council approves the write off of bad debts totalling £70,630 which will be funded from the provision.

3. Background to the report

- 3.1 The budgets covered by this report relate to the Council's responsibilities as the landlord of around 3,211 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., allocations, housing register, 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.
- 3.2 The Council, as landlord to properties within the Housing Revenue Account is required to review rent levels and advise tenants of their rent for the forthcoming year ahead as part of the budget setting process.

Rent Setting

- 3.3 For 2023/24 it is proposed to increase rent by 5%. This is 2% below the Government confirmed the rent cap of 7%. The cap was to support people with the cost of living by limiting from increases in their rents in social housing. Under current rules, rents could have risen by up to 11.1%, the cap was to tackle this. Locally the 5% agreed will offer further support above that suggested by Government.
- 3.4 Based on the above, rents for 2023/24 have been calculated on the following basis:
- Social housing and supported housing rent will increase by 5%.
 - Void loss assumption of 1.75%.
 - An assumption that 30 dwellings will be sold.
- 3.5 After factoring in the above, the forecast rental income for 2023/24 is £13,973,140. This is an increase of £593,360.

Budget Summary

- 3.6 The original Housing Revenue Account budget for 2022/23, revised budget for 2022/23 (based on September 2022 outturn) and the proposed budget for 2023/24 is set out in Appendix 1.
- 3.7 The original Housing Repairs Account budget for 2022/23, revised budgets for 2022/23 (based on September 2022 outturn) and the proposed budget for 2023/24 is set out in Appendix 2.

Revised 2022/23 Budget

- 3.8 The original budgets for 2022/23 have, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. The position in Appendix 1 is based on the September Outturn position and updated for the latest rent forecast.
- 3.9 Appendix 1 identifies an increase in spend for the year of £347,330. This increase is explained below: -

	£
Additional Employee costs (£105,000 higher cost of pay award)	143,000
Increase in contribution to Bad Debt provision	170,000
Increased Gas & Electricity charges	70,000
Premises Insurance overspend	18,000
Supplementary budget for safeguarding post	25,000
Additional Rent income	(80,000)
Additional piper alarm income	(30,000)
Carry forwards from 2021/22	42,330
Other minor variances	(11,000)
TOTAL	347,330

This will result in an estimated HRA balance as at 31st March 2023 of £814,612 against the original estimate of £881,172. In 2023/24, the estimated contributions to the regeneration reserve will increase to ensure that HRA balance equates to around £250 per property and resources are set aside to fund future capital expenditure

- 3.10 In addition, Appendix 2 summarises the Housing Repairs Account to year end. The movement between the original budget and the revised budget is due to contractual commitments that were carried forward from the prior year, primarily arising from a reduction in repairs during Covid.

2023/24 Budget

Service Priorities and links to other documents

- 3.11 The 2023/24 budget has been created with clear links to the Council's Corporate Plan and service objectives.
- 3.12 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Plan which was approved by Council in November 2018. The key objectives for future housing provision outlined in this document were taken into account in producing both the revenue and capital HRA budgets. These are as follows:
- Continue to invest in existing stock to maintain good quality homes
 - Where affordable, 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.
 - Review the potential for further investment in new housing stock.

Budget Assumptions

- 3.13 The 2023/24 Housing Revenue Budget has been prepared following a robust process for the 2023/24 financial year.

- 3.14 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. For contractual commitments, an inflation rate of 4% has been used, unless otherwise specified within the terms of the specific contract.
- 3.15 The salaries and wages budgets form one of the most significant elements of the revenue budget. For pay costs, the 2023/24 estimates have been based on the latest pension valuation and assumes a 5% pay award. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2022/23.

Housing Revenue Account 2023/24

- 3.16 The estimated deficit for 2023/24 for the HRA is £4,471. This will result in a forecast balance at the year-end of £810,141. After allowing for rent changes major changes are summarised below: -

	£
Increase in Employee salary costs (pay award, NI, Pension)	222,210
Reduction External Interest payable	(87,220)
Additional Sheltered Scheme Service Charges	(27,510)
Additional Piper Alarm/Lifeline income	(50,570)
Additional interest on HRA Balances	(115,000)
Increase in gas & electricity costs	393,822
Additional support service recharges	204,066
Reduction lump sum pension contributions	(33,190)
Additional Premises Insurance cost	50,130
Increase in Depreciation. This has no net impact. The change in depreciation is offset by the change in the repairs reserve which is used to fund capital expenditure	288,810
Other minor variations	7,535
Service Growths	47,500
TOTAL	£900,583

Service Growths listed in the above table are detailed below:-

	£
ASB - Resources previously funded from underspends	15,000
Option appraisal costs for future developments	20,000
IT software Licence costs	12,500
TOTAL	£47,500

Housing Repairs budgets 2023/24

- 3.17 The housing repairs operational budgets (Planned and Responsive repairs) have been prepared taking into account forecast need and the capacity for this to be delivered in 2023/24.
- 3.18 Programmed and Responsive repairs budgets have been increased in-line with inflation and latest demands on the service. The estimated operating surplus for the year is £22,201, which will mean a forecast balance of £193,441 as at 31st March 2024.

Working balances

- 3.19 The Council has the following policies relating to levels of balances and reserves in the HRA:
- Maintain HRA balances (non-earmarked) of £250 per property by the 31st March 2024. For 2023/24, this equates to a minimum balance of £802,750 based on 3,211 properties.
 - Maintain a breakeven position within the Housing Repairs Account with all surpluses transferred to earmarked reserves.
 - 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.
- 3.20 The projected movement of the Housing Revenue Account balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2024 based on the minimum balance thresholds outlined in 3.19. Required transactions to achieve minimum balances for 2022/23 will be considered as part of the outturn process.

	2022/23 ORIGINAL ESTIMATE	2022/23 LATEST ESTIMATE	2023/24 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(857,230)	(908,000)	(814,612)
Closing Balance at 31st March	(881,172)	(814,612)	(810,141)

3.21 The Housing Repairs Account balance is forecast as follows:

	2022/23 ORIGINAL ESTIMATE	2022/23 LATEST ESTIMATE	2023/24 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(460,364)	(487,000)	(171,240)
Closing Balance at 31st March	(261,794)	(171,240)	(193,441)

Reserves

3.22 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2022/23 and 2023/24. Based on these calculations, it is estimated that the Council will hold £5,876,974 in earmarked HRA reserves as at 31st March 2023 and £1,865,592 at 31st March 2024. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

The following transfers to reserves require approval by Council:

Reserve	Transfer £	Use
2022/23		
Piper Alarm Reserve	30,000	Reserve set aside for additional costs that may be incurred on provision of the Control Centre service.
Regeneration Reserve	2,470,000	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.
Pension Reserve	3,520	This reserve has been set aside to fund any future pension liability for the HRA.
Major Repairs Reserve	306,908	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).
2023/24		
Piper Alarm Reserve	30,000	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	2,253,300	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.

Reserve	Transfer £	Use
Carry Forward Reserve	(43,300)	Write out prior year balance not required.
Pension Reserve	3,520	This reserve has been set aside to fund any future pension liability for the HRA.
Major Repairs Reserve	18,098	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).

- 3.23 It is proposed that HRA reserves will only be used for capital purposes in 2023/24. Full details are included in the Capital Programme.

HRA Business Plan

- 3.24 The HRA Business and Investment Plan outlines how the HRA business will deliver services and capital projects over a 30 year period. The plan has been updated to reflect the budget for 2023/24 and the current affordable housing programme which is included within the capital programme report.

Bad Debt write-offs

- 3.25 As at the 31st March 2022 there was £1.005m in the bad debt provision on the balance sheet. Council is requested to approve a write off of £0.0706 against this provision. Primarily they relate to former tenants that have been evicted or died. This will have no net impact on HRA balances.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 This budget is drawn up and approved in accordance with the Statutory requirements as to the keeping of a Housing Revenue Account (HRA), as contained in the Local Government and Housing Act 1989 ('the Act'). It is a duty of each local authority to approve its HRA budget in the January and February immediately before the commencement of the financial year to which it relates.
- 6.2 The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Account must relate to the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account and the expenditure of the authority for the year in respect of

the repair, maintenance, supervision and management of such property and any other requirements of the Secretary of State.

7. Corporate Plan implications

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

8. Consultation

- 8.1 Relevant council officers have been consulted in the preparation of the budgets.
- 8.2 A full consultation exercise on priorities for Housing Investment was conducted in 2013/2014, the results of which were considered in the preparation of the Housing Investment Plan.

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.

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
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget 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	J Kenny

10. Knowing your community – equality and rural implications

- 10.1 The budget will allow management and maintenance of Council Properties throughout the Borough.

11. Climate implications

11.1 There are no direct implications arising from this report. However budget decisions made by members in relation to issues such as rents, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.

11.2 There are no direct implications arising from this report.

12. Corporate implications

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

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: Civica Reports
Contact officer: Ilyas Bham, Accountancy Manager Ext. 5924
Executive member: Cllr K Lynch

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Housing Revenue ACCOUNT**APPENDIX 1**

	2022/23 ORIGINAL ESTIMATE (Published) £	2022/23 LATEST ESTIMATE £	2023/24 ORIGINAL ESTIMATE £
SUMMARY HOUSING REVENUE ACCOUNT			
INCOME			
Dwelling Rents	(13,379,780)	(13,459,780)	(13,973,140)
Non Dwelling Rents	(85,520)	(85,520)	(85,520)
	(13,465,300)	(13,545,300)	(14,058,660)
EXPENDITURE			
Supervision & Management (General)	2,404,420	2,532,750	2,824,769
Supervision & Management (Special)	651,500	780,500	1,309,914
Lump Sum LCC pension contribution	129,660	129,660	96,470
Contributions to Housing Repairs A/C	3,192,170	3,192,170	3,192,170
Depreciation	2,702,540	2,702,540	2,991,350
Capital Charges: Debt Management	1,030	1,030	1,080
Increase in Provision for Bad Debts	80,000	250,000	80,000
Interest on Borrowing	1,905,590	1,905,590	1,818,370
	11,066,910	11,494,240	12,314,123
Net Cost of Services	(2,398,390)	(2,051,060)	(1,744,537)
Interest Receivable	(55,000)	(55,000)	(170,000)
IAS19 Adjustment	(110,980)	(110,980)	(342,610)
Net Operating Expenditure	(2,564,370)	(2,217,040)	(2,257,147)
CONTRIBUTIONS			
Contribution to Piper Alarm Reserve	30,000	30,000	30,000
Contribution to Pensions Reserve	3,520	3,520	3,520
Contribution from carry forward reserve	0	0	(43,300)
Transfer to Major Repairs Reserve	306,908	306,908	18,098
Transfer to Regeneration Reserve	2,200,000	1,970,000	2,253,300
(Surplus) / Deficit	(23,942)	93,388	4,471
Relevant Year Opening Balance at 1st April	(857,230)	(908,000)	(814,612)
Relevant Year Closing Balance at 31st March	(881,172)	(814,612)	(810,141)

Housing Revenue ACCOUNT

	2022/23 ORIGINAL ESTIMATE (Published) £	2022/23 LATEST ESTIMATE £	2023/24 ORIGINAL ESTIMATE £
SUPERVISION & MANAGEMENT (GENERAL)			
Employees	1,132,670	1,234,037	1,416,631
Premises Related Expenditure	138,830	156,830	188,846
Transport Related Expenditure	15,550	15,550	13,930
Supplies & Services	227,330	236,293	268,776
Central & Administrative Expenses	925,560	925,560	972,106
Gross Expenditure	2,439,940	2,568,270	2,860,289
Revenue Income	(35,520)	(35,520)	(35,520)
Total Income	(35,520)	(35,520)	(35,520)
Net Expenditure to HRA	2,404,420	2,532,750	2,824,769
SUPERVISION & MANAGEMENT (SPECIAL)			
Employees	665,330	761,330	846,968
Premises Related Expenditure	463,770	539,770	878,154
Transport Related Expenditure	14,130	14,130	13,165
Supplies & Services	153,330	145,330	150,907
Central & Administrative Expenses	111,870	111,870	269,390
Gross Expenditure	1,408,430	1,572,430	2,158,584
Revenue Income	(727,910)	(762,910)	(819,650)
Recharges	(29,020)	(29,020)	(29,020)
Total Income	(756,930)	(791,930)	(848,670)
Net Expenditure to HRA	651,500	780,500	1,309,914

Housing Revenue ACCOUNT

APPENDIX 2

	2022/23 ORIGINAL ESTIMATE (Published) £	2022/23 LATEST ESTIMATE £	2023/24 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT			
Administration			
Employee Costs	418,810	445,810	551,328
Transport Related Expenditure	3,550	3,550	15,340
Supplies & Services	121,690	136,880	143,705
Central Administrative Expenses	363,300	363,300	293,970
Total Housing Repairs Administration	907,350	949,540	1,004,343
Programmed Repairs	712,790	742,790	767,396
Responsive Repairs	1,300,000	1,345,000	1,488,280
GROSS EXPENDITURE	2,920,140	3,037,330	3,260,019
Contribution from HRA	(3,192,170)	(3,192,170)	(3,192,170)
Other Income	0	0	
IAS19 Adjustment	(29,400)	(29,400)	(90,050)
TOTAL INCOME	(3,221,570)	(3,221,570)	(3,282,220)
Contribution to HRA Reserves	500,000	500,000	0
NET EXPENDITURE	198,570	315,760	(22,201)
Opening Balance at 1st April	(460,364)	(487,000)	(171,240)
Closing Balance at 31st March	(261,794)	(171,240)	(193,441)

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HRA Reserves

Appendix 3

	Balance 31st March 2022	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2023	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2024
	£	2022/2023 £	2022/2023 £	2022/2023 £	£	2023/2024 £	2023/2024 £	2023/2024 £	£
Piper Alarm Reserve	(80,047)	(30,000)	0	60,000	(50,047)	(30,000)	0	0	(80,047)
Communal Furniture Reserve	(4,913)	0	0	0	(4,913)	0	0	0	(4,913)
Regeneration Reserve	(5,128,967)	(2,470,000)	0	2,594,440	(5,004,527)	(2,253,300)	0	5,644,175	(1,613,652)
HRA Carry Forward	(43,300)	0	0	0	(43,300)	0	43,300	0	0
Service Improvement Reserve	(50,000)	0	0	0	(50,000)	0	0	0	(50,000)
Pension Contribution Reserve	(49,940)	(3,520)	0	0	(53,460)	(3,520)	0	0	(56,980)
Rent Equalisation Reserve	(60,000)	0	0	0	(60,000)	0	0	0	(60,000)
Major Repairs Reserve	(610,279)	(3,009,448)		3,009,000	(610,727)	(3,009,448)		3,620,175	0
Total	(6,027,446)	(5,512,968)	0	5,663,440	(5,876,974)	(5,296,268)	43,300	9,264,350	(1,865,592)

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Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	23 February 2023

Wards affected: All

FEES AND CHARGES 2023/2024

Report of Head of Finance

1. Purpose of report

1.1 To obtain approval of the proposed scale of Fees and Charges for 2023/2024.

2. Recommendation

2.1 That Council approves the Fees and Charges book for 2023/2024.

3. Background to the report

3.1 The Council charges for a number of services that are provided to the public.

3.2 The Council generates income of circa £6.1 million from these sources annually to ensure it can continue to provide vital services to the communities of Hinckley and Bosworth. This has become increasingly important in the context of continued decreases in government financial support to the council and local government more generally.

Charging Principles

3.3 A number of principles are followed when considering fees and charges. In general terms, all applicable services should be charged for unless there is a valid reason for an exception to be made. These exemptions include, but are not limited to:

- Instances where the administrative cost of levying and recovering the charge would outweigh any potential income;

- Where policy has been passed to fund the service from Council Tax or other dedicated funding streams (e.g. grants);
- Circumstances where charging would significantly deter demand;
- Where statute dictates that charges cannot be made.

3.4 When setting scales of charges, the following factors are taken into consideration:

- Statutory obligations;
- Inflation and relevant indices;
- Local market research and competition (where relevant);
- The impact of price changes on activity level or demand;
- Budget position and links to the MTFs and the Corporate Plan;
- The cost of providing the service.

3.5 A rate comparable with Retail Price Index (RPI), which is a measure of inflation, has been used as an index where appropriate for up-rating charges from prior year. A rate of 10% has been used in line with the Budget Strategy for 2023/2024.

2023/2024 Fees and Charges

3.6 The Fees & Charges show the 2022/23 and 2023/24 charges, along with the percentage increases applied. Fees have either been inflated or set accordance with relevant statutory guidance e.g. Fixed Penalty Notices and those under the Gambling and Licensing Acts have been set in line with relevant guidance.

3.7 All leisure centre charges have been set by Places Leisure who will operate the leisure centre. All charges are consistent with the current contract.

3.8 In the majority of cases where discretionary charges can be made, increases have been made in line with inflation.

3.9 The major changes above the inflation figure of 10% that have an impact on the budgets are listed below:-

	2022/23 £	2023/24 £	% increase
Market Bosworth Rectory Lane car park			
Up to 1 hour	0.30	0.60	100.00
Up to 2 hours	0.50	1.20	140.00
Up to 3 hours	1.00	2.00	100.00
Up to 4 hours	1.00	3.00	200.00
Over 4 hours	2.00	6.00	200.00
Stray dogs microchipping home visit	20.00	47.58	137.90
Stray dogs microchipping event charges	15.00	20.00	33.33

	2022/23 £	2023/24 £	% increase
Noise nuisance			
Silencing of alarms requiring warrant (any contractors costs to be charged in addition)	148.20	333.06	124.74
Silencing of alarms without warrant (any contractors costs to be charged in addition)	75.40	190.32	152.41
Return of audio equipment seized	176.45	200.00	13.35
Pool hire			
Private hire – main pool (per 1 hour whole pool)	86.00	96.00	11.63
Private hire – main pool (per 1 hour per lane)	10.75	12.00	11.63
Private hire – community pool (per 1 hour)	50.00	55.80	11.63
	2022/23 £	2023/24 £	% increase
Refuse collection			
Garden waste collection (annual subscription per bin)	35.00	37.50	7.14
Bulky items collection - changed pricing structure, the 22/23 structure is below followed by the proposed structure for 23/24			
fees and charges breakdown 22/23			
White goods/bulky item collection - 3 items or less 50% reduction available for those on benefits	30.00		
White goods/bulky item collection - 5 items 50% reduction available for those on benefits	44.50		
Each additional white goods/bulky item above 5 items	£8.80 per item		
New fees and charges breakdown 23/24			
Bulky item collection - 50% reduction available for those on benefits			
Upholstered seating (POP's) item – up to 2 items or less		35.00	
Each additional Upholstered seating item (POP's) max 5 per collection		15.00	
General items (excluding POP's) - up to 3 items		35.00	
Each additional general item (excluding POP's) max 5 per collection		10.00	

4. Exemptions in accordance with the Access to Information procedure rules

4.1 Report taken in open session.

5. Financial implications [IB]

5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 The council's powers to charge can arise from mandatory powers, express discretionary powers or implied or incidental powers.
- 6.2 Mandatory powers are set out in the functional legislation such as the power to charge for planning applications set out in the Town and Country Planning Act 1990.
- 6.3 Section 93 Local Government Act 2003 gives the Council power to charge for discretionary services, but not in cases where there is already power to charge under other legislation e.g. power to charge for the use of a swimming pool pursuant to the Local Government Miscellaneous Provisions Act 1976.
- 6.4 The power to charge under Section 93 can only be used for services which the Council is empowered to provide.
- 6.5 The Section 93 power is not intended to provide a new income stream; its aim is to allow the Council to recover the costs of providing services, and there is a general duty on the Council to secure that, from one year to the next, the income from charges for services does not exceed the costs of provision.

7. Corporate Plan implications

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

8. Consultation

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

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.

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
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	J Kenny

10. Knowing your community – equality and rural implications

- 10.1 The budget process will impact on all areas of the Borough and all groups within the population
- 10.2 Where concessions are made for certain groups for charging purposes these are detailed in the attached booklet

11. Climate implications

- 11.1 There are no direct implications arising from this report. However budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector

Background papers: Fees and Charges submissions
 Contact officer: Caroline Stretton, Senior Accountant Ext 5986
 Executive member: Cllr K Lynch

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Hinckley & Bosworth
Borough Council

Scale of fees and charges



2023 / 2024

Operative from 1 April 2023

Scale of fees and charges 2023/24

Contents

	Page
VAT liability	1
Cemeteries	2
Green spaces and events	3
Allotments	3
Licences	4
Rival markets	6
Car Parks	7
Environmental health	8
Neighbourhood wardens	10
Leisure centre	11
Markets	12
Industrial estates	12
Miscellaneous	12
Local land charges	13
Housing	14
Strategic planning – publications	15
Corporate services - register of electors, reprographic charges	17
Legal - miscellaneous agreements	18
Planning fees	19

Scale of Fees and Charges 2023/24

*The figures quoted in the Fees and Charges book are shown GROSS,
i.e. including VAT where VAT is chargeable.*

VAT LIABILITY

The Council's Fees and Charges booklet incorporates a guide to identify the VAT liability for individual charges and most day to day queries can be resolved by reference to the relevant sections.

If any unusual or complex queries arise they should be referred to the Accountancy Section, Extension 5609 who will help.

As VAT regulations are continually changing the book will be updated and revised accordingly.

There are three rates of VAT depending on the goods or services provided:

- Standard rate 20.0%
- Reduced rate (e.g. domestic fuel and power) 5%
- Zero rate 0%

(The standard rate of VAT rose from 17½% to 20% on 4th January 2011)

There are also some goods and services that are:

- exempt from VAT, or
- outside the UK VAT system altogether (e.g. fees that are fixed by law, known as 'statutory fees')

Where the supply of goods or services is not subject to VAT, the VAT liability will either be exempt or non-business. Supplies which are zero rated are still taxable supplies but no VAT is due. Non-business activities are those for which Public Authorities have a statutory duty or are enshrined in legislation. Exempt supplies are those which are specifically exempt from VAT by statute. Though no VAT charge arises from either categorisation, it is still important to identify correctly the type of liability involved in order to meet statutory requirements.

Category	VAT	2022/23	2023/24	% increase
Cemeteries				
Interments - Including natural burials				
Of the body of a child up to the age of 18 yrs. inclusive.	Non-Business	No charge	No charge	-
Interment of the body of a child up to 18 years of age is free into a single depth grave. Where interments are required at double depth or below then single depth interment charges for over 18's will apply				
Of the body of a person whose age exceeded 18 yrs. (Inc. caskets and brick graves)				
Single depth grave	Non-Business	500.00	550.00	10.00%
Double depth	Non-Business	575.00	632.50	10.00%
Triple depth grave	Non-Business	660.00	726.00	10.00%
Of a cremated remains in a grave				
Casket depth / ashes scattered under turf	Non-Business	152.00	167.20	10.00%
Scattering of cremated remains in the Garden of Rest	Non-Business	115.00	126.50	10.00%
Sexton led interment - no funeral director (in addition to above charges)	Non-Business	39.00	42.90	10.00%
Note: - If resident outside special expense area = double fees - Except for residents who had lived within the area for at least 25 years, but who lived outside the area for health care or welfare reasons for no longer than ten years immediately prior to their death - where available, work in the cemeteries on Saturdays or Sundays will attract double fees				
Exclusive rights of burial for 70 years				
Casket plot 150 x 90cm (5'x3') (up to 2 caskets/ashes interment)	Non-Business	350.00	385.00	10.00%
Casket plot 240 x 120cm (8'x 4') (Section J only, up to 4 caskets/ashes interment)	Non-Business	675.00	742.50	10.00%
Grave plot of a child up to the age of 18yrs (appropriate plot size) special expense area	Non-Business	No charge	No charge	-
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside special expense area, but within borough	Non-Business	225.00	247.50	10.00%
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside of the borough (double fees)	Non-Business	450.00	495.00	10.00%
Note: -should parents opt for a grave size greater than the size of the coffin then normal grave purchase fees will apply (single fee for special expanse area, double fees for outside the borough)				
Grave plot 240 x 120cm (8'x4')	Non-Business	675.00	742.50	10.00%
Reservation fee	Non-Business	118.00	129.80	10.00%
Reassignment / Transfer of Deed (If to spouse 50% reduction)	Non-Business	62.00	68.20	10.00%
Extension to EROB 30yrs (1/2, 70yrs fee)	Non-Business	See above	See above	0.00%
Note: - If grave is being purchased for the interment of someone who was not resident in Hinckley then double fees apply				
Rights to erect memorial on a grave plot				
A memorial not exceeding 105cm wide (3' 6") and 120cm high (4')	Non-Business	160.00	176.00	10.00%
A memorial not exceeding 50cm (1'8") high	Non-Business	90.00	99.00	10.00%
Memorial kerb (In garden of rest - to include plaque & 2 inscriptions)	Non-Business	128.00	140.80	10.00%
Install plaque on remembrance wall	Non-Business	108.00	118.80	10.00%
Additional Inscriptions to memorials	Non-Business	72.00	79.20	10.00%
Note: - Right to erect replacement memorials no charge				
Other charges (incl. VAT)				
Entries in book of remembrance per line	Standard Rated	41.00	45.10	10.00%
Service in cemetery chapel	Non-Business	120.00	120.00	0.00%
Exhumations		Triple interment fees	Triple interment fees	
Memorial bench - subject to location availability (including single plaque & 15 years bench maintenance)	Standard Rated	1,200.00	1,320.00	10.00%
Memorial bench plaque to HBBC bench, subject to availability (bench maintenance and plaque for 15 years)	Standard Rated	300.00	330.00	10.00%
Memorial tree - subject to location availability (including free standing memorial plaque)	Standard Rated	325.00	357.50	10.00%
Search and copy per burial record (where death occurred more than 5 years before search)	Standard Rated	11.00	11.00	0.00%
Soil removal from grave side for burial	Exempt	124.00	136.40	10.00%

Category		VAT	2022/23	2023/24	% increase
Green spaces and events					
Professional fees					
Professional Fees	Parks and cemetery matters/ staff led activities/ hour	Standard Rated	49.00	53.90	10.00%
Lost keys		Standard Rated	38.00	41.80	10.00%
Bowls – Hollycroft Park					
Season ticket -	Concession*	Exempt	58.00	58.00	0.00%
	Adult	Exempt	82.50	82.50	0.00%
Per rink / per hour	Concession*	Standard Rated	3.70	3.70	0.00%
	Adult	Standard Rated	6.50	6.50	0.00%
Note: - New members - first season green fees 25% discount Part season ticket - from July onwards 50% reduction					
Tennis – Hollycroft Park					
Per court per hour	Adult	Standard Rated	7.50	7.50	0.00%
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Adult	Standard Rated	5.60	5.60	0.00%
Per court per hour	Concession *	Standard Rated	5.00	5.00	0.00%
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Concession *	Standard Rated	3.70	3.70	0.00%
Per court per hour	Mixed (Adult and concession*)	Standard Rated	6.10	6.10	0.00%
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Mixed (Adult and concession*)	Standard Rated	4.60	4.60	0.00%
Pitch and putt – Hollycroft Park					
Adult		Standard Rated	3.40	3.40	0.00%
*Concession		Standard Rated	1.80	1.80	0.00%
Equipment Hire - Hollycroft Park (for all sports equipment)		Standard Rated	10.00	10.00	0.00%
Note: - *Concession - over 60, under 18 years or students in full-time education					
Hollycroft Park, Argents Mead, parks and open spaces					
Hire of bandstand, parks and open spaces (commercial events) per day		Exempt	375.00	412.50	10.00%
Hire of bandstand (community events, registered charities, schools) per day		Exempt	No charge	No charge	-
Parks and open spaces (fair and circuses)		Exempt	387.00	387.00	0.00%
Bond (fairs and circuses)		Exempt	640.00	640.00	0.00%
Commercial use of parks and open spaces for fitness training or dog training (annual licence fee)		Exempt	123.00	135.30	10.00%
Events					
Catering stalls (pitch 3m x 6m)		Standard Rated	80.00	88.00	10.00%
Other stalls (pitch 3m x 6m)		Standard Rated	40.00	44.00	10.00%
Additional pitch to above (pitch 3m x 6m)		Standard Rated	1/2 above fee	1/2 above fee	-
Stall community / non profit making organisations / registered charities (promotion/display only)			No charge	No charge	-
Leisure activities including rides		Standard Rated	53.00	58.30	10.00%
Football and cricket pitches - Adult					
Pitch per 11 matches (per season)	Teams in the Borough pitch only	Exempt	275.00	275.00	0.00%
	Teams in the Borough pitch with changing room	Exempt	549.00	549.00	0.00%
	Teams outside Borough pitch only	Exempt	371.00	371.00	0.00%
	Teams outside Borough pitch with changing room	Exempt	686.00	686.00	0.00%
Casual lettings - per match with facilities:	Teams in the Borough	Standard Rated	74.00	74.00	0.00%
	Teams outside Borough	Standard Rated	85.00	85.00	0.00%
Casual lettings - per match without facilities:	Teams in the Borough	Standard Rated	40.00	40.00	0.00%
	Teams outside Borough	Standard Rated	52.00	52.00	0.00%
Junior - 1/2 adult fees			1/2 above fee	1/2 above fee	%
Allotments					
Small plot - size 0 - 100sqm		Non-Business	25.00	25.00	0.00%
Medium plot - size 101 - 200sqm		Non-Business	35.00	35.00	0.00%
Large plot - size 201 - 300sqm		Non-Business	45.00	45.00	0.00%
Administration charge on new tenancy		Non-Business	25.00	25.00	0.00%
Additional key charge		Non-Business	10.00	10.00	0.00%
Note: - *£5.00 reduction per plot for sites without water Note: - *Tenants over 60 will receive 25% discount on plot fees					
Countryside activities					
HBBC organised environmental activities - Spring / Summer (for ages 5 - 12 years)		Exempt	POA	POA	0.00%
Floral displays / Hanging baskets		Standard Rated	POA	POA	0.00%
Timber per 3 tonne trailer full - un-split - Advice note to be issued, on how to dry wood		Standard Rated	65.00	POA	-
Delivery of timber		Standard Rated	POA	POA	0.00%
Above all subject to availability					

Category	VAT	2022/23	2023/24	% increase
Licences				
Taxis				
Hackney carriage vehicle licence	Non-Business	160.00	172.00	7.50%
Private hire vehicle licence	Non-Business	160.00	172.00	7.50%
Private hire operators licence	Non-Business	240.00	250.00	4.17%
Private or Hackney carriage drivers licence	Non-Business	160.00	177.00	10.63%
Transfer Hackney carriage / private hire vehicle licence	Non-Business	90.00	99.00	10.00%
Hackney carriage/ private hire				
Replacement driver's badge or vehicle licence	Non-Business	20.00	22.00	10.00%
Replacement vehicle plate	Non-Business	28.00	30.80	10.00%
Supply of list of Hackney carriage/ private hire vehicle operators	Non-Business	40.00	40.00	0.00%
New (TAXI PLATE) Wheelchair Accessible or Zero Emission Vehicle (ZEV)	Non-Business	160.00	172.00	7.50%
New (PHV PLATE) Ultra Low Emission Vehicle (ULEV) or Hybrid Electric Vehicle (HEV)	Non-Business	160.00	172.00	7.50%
Sex establishments				
Sex shop / sexual entertainment venue	Non-Business	1,000.00	1,000.00	0.00%
Renewal	Non-Business	750.00	750.00	0.00%
Variation of licence	Non-Business	250.00	250.00	0.00%
Transfer of licence	Non-Business	250.00	250.00	0.00%
Gambling Act 2005				
Premises				
Premises licence	Non-Business	800.00	800.00	0.00%
Annual fee	Non-Business	300.00	330.00	10.00%
Variation fee	Non-Business	800.00	800.00	0.00%
Change of circumstance	Non-Business	25.00	25.00	0.00%
Transfer of licence	Non-Business	285.00	285.00	0.00%
Re-instatement fee	Non-Business	285.00	285.00	0.00%
Provisional statement	Non-Business	800.00	800.00	0.00%
Copy of licence	Non-Business	25.00	25.00	0.00%
Alcohol licenced premises gaming machine permit				
New grant	Non-Business	150.00	150.00	0.00%
Existing operator grant	Non-Business	100.00	100.00	0.00%
Variation	Non-Business	100.00	100.00	0.00%
Transfer of licence	Non-Business	25.00	25.00	0.00%
Annual fee	Non-Business	50.00	50.00	0.00%
Change of name	Non-Business	25.00	25.00	0.00%
Notification of 2 machines	Non-Business	50.00	50.00	0.00%
Prize gaming permit				
New grant	Non-Business	300.00	300.00	0.00%
Renewal	Non-Business	300.00	300.00	0.00%
Existing operator grant	Non-Business	100.00	100.00	0.00%
Change of name	Non-Business	25.00	25.00	0.00%
Copy of permit	Non-Business	15.00	15.00	0.00%
Unlicenced FEC gaming machine				
New grant	Non-Business	300.00	300.00	0.00%
Renewal	Non-Business	300.00	300.00	0.00%
Existing operator grant	Non-Business	100.00	100.00	0.00%
Change of name	Non-Business	25.00	25.00	0.00%
Copy of permit	Non-Business	15.00	15.00	0.00%

Category		VAT	2022/23	2023/24	% increase
Club gaming permits					
Grant		Non-Business	200.00	200.00	0.00%
Grant (club premises certificate holder)		Non-Business	100.00	100.00	0.00%
Existing operator grant		Non-Business	100.00	100.00	0.00%
Variation		Non-Business	100.00	100.00	0.00%
Renewal		Non-Business	200.00	200.00	0.00%
Renewal (club premises certificate holder)		Non-Business	100.00	100.00	0.00%
Annual fee		Non-Business	50.00	50.00	0.00%
Copy of permit		Non-Business	15.00	15.00	0.00%
Club machine permits					
Grant		Non-Business	200.00	200.00	0.00%
Grant (club premises certificate holder)		Non-Business	100.00	100.00	0.00%
Existing operator grant		Non-Business	100.00	100.00	0.00%
Variation		Non-Business	100.00	100.00	0.00%
Renewal		Non-Business	200.00	200.00	0.00%
Renewal (club premises certificate holder)		Non-Business	100.00	100.00	0.00%
Annual fee		Non-Business	50.00	50.00	0.00%
Copy of permit		Non-Business	15.00	15.00	0.00%
Small society lottery registration					
Small society lottery registration		Non-Business	40.00	40.00	0.00%
Small society lottery annual fee		Non-Business	20.00	20.00	0.00%
Licensing Act 2003					
New premises (subject to NNDR band)	Band A	Non-Business	100.00	100.00	0.00%
	Band B	Non-Business	190.00	190.00	0.00%
	Band C	Non-Business	315.00	315.00	0.00%
	Band D	Non-Business	450.00	450.00	0.00%
	Band E	Non-Business	635.00	635.00	0.00%
Annual fees (subject to NNDR band)	Band A	Non-Business	70.00	70.00	0.00%
	Band B	Non-Business	180.00	180.00	0.00%
	Band C	Non-Business	295.00	295.00	0.00%
	Band D	Non-Business	320.00	320.00	0.00%
	Band E	Non-Business	350.00	350.00	0.00%
Personal license		Non-Business	37.00	37.00	0.00%
Temporary event notices		Non-Business	21.00	21.00	0.00%
Minor variation		Non-Business	89.00	89.00	0.00%
Theft / loss of premises license summary		Non-Business	10.50	10.50	0.00%
Application for provisional statement		Non-Business	195.00	195.00	0.00%
Change of name and address		Non-Business	10.50	10.50	0.00%
Application for license variation - specify individual as premises supervisor		Non-Business	23.00	23.00	0.00%
Application to display mandatory alcohol condition for community premises		Non-Business	23.00	23.00	0.00%
Application for transfer of premises license		Non-Business	23.00	23.00	0.00%
Interim authority notice		Non-Business	23.00	23.00	0.00%
Theft / loss of certificate of summary		Non-Business	10.50	10.50	0.00%
Notification of change of rules / name of club		Non-Business	10.50	10.50	0.00%
Notification of change of address of club		Non-Business	10.50	10.50	0.00%
Theft / loss of certificate of temporary license		Non-Business	10.50	10.50	0.00%
Theft / loss of certificate of personal license		Non-Business	10.50	10.50	0.00%
Right of freeholder to be notified of licensing matters		Non-Business	21.00	21.00	0.00%

Category	VAT	2022/23	2023/24	% increase
Markets				
Rival markets				
One day event	Non-Business	180.00	198.00	10.00%
Two day event	Non-Business	308.00	338.80	10.00%
Three day event	Non-Business	360.00	396.00	10.00%
Street trading consents				
Annual consent	Non-Business	970.00	970.00	0.00%
Daily consent	Non-Business	100.00	100.00	0.00%
Animal establishments				
Pet shops *				
Ordinary	Non-Business	223.00	238.38	6.90%
Riding establishments *	Non-Business	268.40	294.29	9.65%
Dog breeding *	Non-Business	181.95	194.96	7.15%
Keeping or training animals for exhibition	Non-Business	224.75	240.34	6.94%
Boarding for cats and dogs	Non-Business	133.40	143.22	7.36%
Reassessment of star rating	Non-Business	101.75	109.15	7.27%
Variation of licence	Non-Business	101.75	109.15	7.27%
Multiple Activities	For those			
applicants who carry on more than one of the above licence activities, the full licence application fee will be payable for the highest application, plus £41.72 per additional licensable activity	Non-Business	44.78	47.58	6.25%
Dangerous wild animals *	2 yr. licence	160.00	160.00	0.00%
Zoos *	Non-Business	676.00	750.00	10.95%
Note:- * Plus vet's fees where applicable				
Registration				
Skin pierces (1 off reg. fee)				
Person	Non-Business	90.10	100.00	10.99%
Premises	Non-Business	135.00	142.00	5.19%
Cosmetic skin piercing and skin colouring				0.00%
Person	Non-Business	90.10	100.00	10.99%
Premises	Non-Business	135.00	142.00	5.19%
Hairdressers (1 off registration fee)				0.00%
Person	Non-Business	90.10	100.00	10.99%
Premises	Non-Business	135.00	142.00	5.19%
Reprinting of licence/ registrations	Non-Business	20.00	22.00	10.00%

Category	VAT	2022/23	2023/24	% increase
Car parks				
Car park fees				
Short stay				
Up to 1 hour	Standard Rated	0.60	0.60	0.00%
Over 1 hour and up to 2 hours	Standard Rated	1.20	1.20	0.00%
Over 2 hours and up to 3 hours	Standard Rated	2.00	2.00	0.00%
Over 3 hours and up to 4 hours	Standard Rated	3.00	3.00	0.00%
Over 4 hours	Standard Rated	6.00	6.00	0.00%
Long stay				
Up to 1 hour	Standard Rated	0.60	0.60	0.00%
Up to 2 hours	Standard Rated	1.20	1.20	0.00%
Up to 5 hours	Standard Rated	1.60	1.60	0.00%
Over 5 hours	Standard Rated	2.50	2.50	0.00%
Castle car park				
Up to 1 hour	Standard Rated	0.60	0.60	0.00%
Up to 2 hours	Standard Rated	1.20	1.20	0.00%
Up to 5 hours	Standard Rated	2.00	2.00	0.00%
Over 5 hours	Standard Rated	4.00	4.00	0.00%
Market Bosworth Rectory Lane car park				
Up to 1 hour	Standard Rated	0.30	0.60	100.00%
Up to 2 hours	Standard Rated	0.50	1.20	140.00%
Up to 3 hours	Standard Rated	1.00	2.00	100.00%
Up to 4 hours	Standard Rated	1.00	3.00	200.00%
Over 4 hours	Standard Rated	2.00	6.00	200.00%
Season tickets (limited use)				
Per year from month of issue	Standard Rated	375.00	375.00	0.00%
Per half year from month of issue	Standard Rated	200.00	200.00	0.00%
Per quarter from month of issue	Standard Rated	110.00	110.00	0.00%
Replacement / amendment season tickets	Standard Rated	10.00	10.00	0.00%
Cancellation of PCN were permit incorrectly displayed	Standard Rated	10.00	10.00	0.00%
Per month (valid 1st day of month)	Standard Rated	40.00	40.00	0.00%
Staff season ticket				
Per month direct debit (for full year permit only)	Standard Rated	31.25	31.25	0.00%
Season tickets (long stay plus Castle car park)				
Per year	Standard Rated	500.00	500.00	0.00%
Per month for direct debit	Standard Rated	41.67	41.67	0.00%
Residents parking season ticket (restricted availability)				
Long stay per year	Standard Rated	50.00	50.00	0.00%
Car park fines				
Higher charge fines*	Non-Business	70.00	70.00	0.00%
Lower charge fines*	Non-Business	50.00	50.00	0.00%
Electric charging				
Electric vehicle charging per KWH	Standard Rated	POA	POA	0.00%
Advertising on car park tickets – please contact 01455 255626				
	Standard Rated	POA	POA	0.00%
* Fines reduced by 50% for prompt payment (14 days)				
Commercial display on car parks				
Per day	Exempt	POA	POA	0.00%

Category		VAT	2022/23	2023/24	% increase
Environment health					
Pest control					
Domestic					
Rats		Standard Rated	20.00	20.00	0.00%
Mice		Standard Rated	54.60	60.00	9.89%
Insects per treatment		Standard Rated	54.60	60.00	9.89%
Insects per call-out where treatment not necessary		Standard Rated	27.30	30.00	9.89%
Treatment of mice and insects for persons in receipt of eligible benefit		Standard Rated	27.30	30.00	9.89%
Wasp treatment for 1 nest		Standard Rated	54.60	60.00	9.89%
Wasp treatment per each additional nest		Standard Rated	27.30	30.00	9.89%
Wasp treatment for 1 nest for persons in receipt of eligible benefit		Standard Rated	27.30	30.00	9.89%
Wasp treatment per each additional nest for persons in receipt of eligible benefit		Standard Rated	13.65	15.00	9.89%
Business					
Insects and rodents – labour per hour or part thereof		Standard Rated	62.10	68.30	9.98%
Materials		Standard Rated	Cost + 40%	Cost + 40%	-
Minimum charge		Standard Rated	83.90	92.30	10.01%
Insects per call - out where treatment not necessary		Standard Rated	41.98	46.20	10.05%
Stray dogs					
Kennelling	Per day	Non-Business	18.70	20.55	9.89%
	Per occurrence (statutory fee)	Non-Business	25.00	25.00	0.00%
Microchipping	Event charges	Standard Rated	15.00	20.00	33.33%
	Home visit	Standard Rated	20.00	47.58	137.90%
Refuse collection					
Bulky item collection - 50% reduction available for those on benefits					
Upholstered seating (POP's) item – up to 2 items or less		Non-Business		35.00	0.00%
Each additional Upholstered seating item (POP's) max 5 per collection		Non-Business		15.00	0.00%
General items (excluding POP's) - up to 3 items		Non-Business		35.00	0.00%
Each additional general item (excluding POP's) max 5 per collection		Non-Business		10.00	0.00%
Refuse collection					
Garden waste collection (annual subscription per bin)		Non-Business	35.00	37.50	7.14%
Replacement bin (lost/stolen/damaged or removed due a sec 46 EPA contravention)		Non-Business	39.70	43.70	10.08%
1 new bin (new occupancy)		Non-Business	25.50	28.00	9.80%
2 new bins (new occupancy)		Non-Business	50.95	56.00	9.91%
Trade waste refuse 1100 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade waste refuse 660 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade waste refuse 240 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade waste recycling 1100 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade waste recycling 660 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade waste recycling 240 litre wheeled bin		Non-Business	POA	POA	0.00%
Trade bag (town centre only)		Non-Business	POA	POA	0.00%
Bin installation (additional to contract)					
Bin installation		Standard Rated	POA	POA	0.00%
Empty additional bin (per bin per occasion)		Standard Rated	POA	POA	0.00%
Sweeper hire		Standard Rated	POA	POA	0.00%
Asbestos removal and disposal		Standard Rated	POA	POA	0.00%
Noise nuisance					
Return of audio equipment seized		Non-Business	176.45	200.00	13.35%
Silencing of alarms requiring warrant (any contractors costs to be charged in addition)		Non-Business	148.20	333.06	124.74%
Silencing of alarms without warrant (any contractors costs to be charged in addition)		Non-Business	75.40	190.32	152.41%
Works in default - recovery of costs		Non-Business	Cost + 30%	Cost + 40%	-
Other miscellaneous charges					
Food hygiene courses		Non-Business	52.00	55.00	5.77%
Food surrender					
Certification fee		Non-Business	105.00	115.00	9.52%
Plus transport for disposal		Non-Business	At cost	At Cost	-
Food register per sheet		Non-Business	30.00	30.00	0.00%
Food Export Certificate		Non-Business	105.00	115.00	9.52%
Safer food better business pack		Non-Business	15.00	15.00	0.00%
Safer food better business diary refill		Non-Business	10.00	10.00	0.00%
Whole register		Non-Business	400.00	400.00	0.00%
Confirmation certificate for immigration of food business details		Non-Business	60.00	65.00	8.33%
Contaminated land enquiries		Non-Business	77.00	95.16	0.00%
Register of permits / authorisations		Non-Business	71.35	78.49	10.01%
Public register - copies of summaries		Non-Business	30.20	33.22	10.00%
Radar keys (disabled access to toilets) - purchase price		Non-Business	-	-	-
Analysis fees - swimming pool water samples		Standard Rated	46.10	50.00	8.46%
Health and safety statement of facts		Non-Business	£46 /hour	£48 /Hour	4.35%
Recharge of officer time		Non-Business	Direct cost + 40%	Direct Cost + 40%	-
Replacement certificates			20.00	22.00	10.00%

Category	VAT	2022/23	2023/24	% increase
Private water supply charges				
Commercial premises risk assessment	Non-Business	£43/hour	£50/hour	16.28%
Simple domestic sample analysis	Non-Business	At cost plus £20 admin fee	At Cost plus £22 admin fee	-

Category	VAT	2022/23		2023/24		% increase
		£	£	£	£	
Clean neighbourhoods - fixed penalty notices - statutory charges						
		Payments after 10 days	Reduction for Early Payment (10 days)	Payments after 10 days	Reduction for Early Payment (10 days)	
Nuisance parking	Non-Business	100.00	80.00	100.00	80.00	-
Abandoning a vehicle	Non-Business	200.00	180.00	200.00	180.00	-
Litter	Non-Business	150.00	100.00	150.00	100.00	-
Unauthorised distribution of literature on designated land	Non-Business	150.00	100.00	150.00	100.00	-
Graffiti and fly posting	Non-Business	150.00	100.00	150.00	100.00	-
Failure to produce authority (waste transfer notes)	Non-Business	300.00	230.00	300.00	230.00	-
Failure to furnish documentation (waste carriers licence)	Non-Business	300.00	230.00	300.00	230.00	-
Offences in relation to waste receptacles	Non-Business	60.00	40.00	60.00	40.00	-
Allowing a dog to foul in a public place	Non-Business	50.00	50.00	50.00	50.00	-
Failure to comply with a community protection notice, under the Anti-Social Behaviour, Crime and Policing Act 2014	Non-Business	100.00	80.00	100.00	80.00	-
Duty of care	Non-Business	400.00	200.00	400.00	200.00	-
Littering from vehicles	Non-Business	150.00	100.00	150.00	100.00	-
Breach of public spaces protection order, under the Anti-social Behaviour, Crime and Policing Act 2014	Non-Business	100.00	80.00	100.00	80.00	-
Fly tipping S33(1)(a) Environmental Protection Act 1990	Non-Business	400.00	200.00	400.00	200.00	-

CATEGORY	2022/23	2023/24	% increase
	£	£	
Leisure centre - (fees set by the external partner, Places Leisure Ltd)			
Swimming			
Adult	5.10	5.50	7.84%
Senior (60 Plus)	2.75	3.00	9.09%
Concession (inc. Junior Under 16, unemployed, student)	2.75	3.00	9.09%
Disabled	No charge	No charge	-
Spectator	No charge	No charge	-
Pool hire			
Private hire – main pool (per 1 hour whole pool)	86.00	96.00	11.63%
Private hire – main pool (per 1 hour per lane)	10.75	12.00	11.63%
Private hire – community pool (per 1 hour)	50.00	55.80	11.60%
Fitness and health casual			
Gym induction	17.50	18.70	6.86%
Gym session concession (9.00am – 5.00pm only)	5.00	5.35	7.00%
GP referral / heartsmart session	2.75	2.95	7.27%
Sports halls and courts			
Adult badminton court	9.40	10.10	7.45%
Concession (off peak only) badminton	5.00	5.35	7.00%
Half main hall hire	45.90	49.10	6.97%
Concession (off peak only) half main hall	21.85	23.40	7.09%

Category	VAT	2022/23	2023/24	% increase
Markets				
Market stall licenced trader				
New traders to be charged half price on first stall for a period of four weeks				
Saturday zone A	Exempt	24.00	24.00	-
Second stall	Exempt	18.00	18.00	-
Third and all subsequent stalls	Exempt	12.00	12.00	-
Monday zone A	Exempt	19.40	19.40	-
Second stall	Exempt	14.55	14.55	-
Third and all subsequent stalls	Exempt	9.70	9.70	-
Friday zone A	Exempt	19.40	19.40	-
Second stall	Exempt	14.55	14.55	-
Third and all subsequent stalls	Exempt	9.70	9.70	-
Saturday zone B	Exempt	12.00	12.00	-
Second stall	Exempt	9.00	9.00	-
Third and all subsequent stalls	Exempt	6.00	6.00	-
Monday zone B	Exempt	9.70	9.70	-
Second stall	Exempt	7.28	7.28	-
Third and all subsequent stalls	Exempt	4.85	4.85	-
Friday zone B	Exempt	9.70	9.70	-
Second stall	Exempt	7.28	7.28	-
Third and all subsequent stalls	Exempt	4.85	4.85	-
Market stall casual trader				
Saturday zone A	Exempt	29.00	29.00	-
Monday zone A	Exempt	23.50	23.50	-
Friday zone A	Exempt	23.50	23.50	-
Saturday zone B	Exempt	14.50	14.50	-
Monday zone B	Exempt	11.75	11.75	-
Friday zone B	Exempt	11.75	11.75	-
Saturday zone C	Exempt	7.25	7.25	-
Monday zone C	Exempt	5.87	5.87	-
Friday zone C	Exempt	5.87	5.87	-
Charity stall	Non-Business	5.87	5.87	-
Friday street trading consents per pitch	Non-Business	23.50	23.50	-
Saturday bric a brac (in zone B)	Exempt	10.00	11.00	10.00%
Monday bric a brac (in zone B)	Exempt	10.00	11.00	10.00%
Friday bric a brac (in zone B)	Exempt	10.00	11.00	10.00%
Town centre commercial displays	Standard Rated	POA	POA	-
Town centre large commercial displays (over 6m length over 3m width)	Standard Rated	£190 per day	£195 per day	2.63%
Commercial rents				
Rent of industrial unit	Exempt	POA	POA	-
Rent unit at Greenfields site	Standard Rated	POA	POA	-
Rent of space in Atkins Building	Standard Rated	POA	POA	-
Rent of retail shops	Exempt	POA	POA	-
Miscellaneous				
Copies of building regulations and planning approvals				
Extensive researching of planning history of site or premises	Non-Business	65.20	65.20	-
Photocopying of other documentation				
Per A4 sheet	Zero Rated	10p + p&p	10p + p&p	-
Per A3 sheet	Zero Rated	10p + p&p	10p + p&p	-

Category	VAT	2022/23	2023/24	% increase
Other				
Aerial photography	Standard Rated	POA	POA	-
Pre planning application advice				
Householder pre-application advice	Standard Rated	87.55	96.30	9.99%
Major strategic development (planning performance agreement)	Standard Rated	POA	POA	-
Major development (large residential, retail, leisure, employment) pre-application advice	Standard Rated	5,460.00	6,000.00	9.89%
Additional meeting and advice note	Standard Rated	927.00	1,019.00	9.92%
Major development (50-99 dwellings or 5,000-9,999 m2) pre-application advice	Standard Rated	3,670.00	4,035.00	9.95%
Additional meeting and / or advice note	Standard Rated	515.00	566.00	9.90%
Major development (10-49 dwellings or 1,000-4,999 m2) pre-application advice	Standard Rated	2,360.00	2,596.00	10.00%
Additional meeting and / or advice note	Standard Rated	515.00	566.00	9.90%
Minor development (5-9 dwellings or 500-999 m2) pre-application advice	Standard Rated	1,030.00	1,133.00	10.00%
Additional meeting and / or advice note	Standard Rated	123.60	135.95	9.99%
Minor development (1-4 dwellings, agricultural, change of use or other minor development) pre-application advice	Standard Rated	391.40	430.50	9.99%
Additional meeting and advice note	Standard Rated	123.60	135.95	9.99%
Commercial pre-application advice	Standard Rated	POA	POA	-

Local land charges

The land charges service is operated by Blaby District Council on behalf of Hinckley and Bosworth Borough Council.

Please contact Blaby District Council land charges department for further information or to order your land charges search

Category	VAT	2022/23	2023/24	% increase
Building control				
Building regulation application charges - please ring 01455 255677				
Building control hourly rate	Standard Rated	70.18	72.99	4.00%
Written confirmation of works exempt from building regulations	Non-Business	35.09	36.49	3.99%
Written confirmation of non-existence of building regulations record	Standard Rated	35.09	36.49	3.99%
Written confirmation of completion of work to which building regulations applied	Standard Rated	35.09	36.49	3.99%
Extensive search of building control history for site or premises (per hour)	Standard Rated	70.18	72.99	4.00%
Completion application for a closed application (reactivation of application and 1 inspection)	Standard Rated	70.18	72.99	4.00%
Additional inspections on a reactivated application (per inspection)	Standard Rated	70.18	72.99	4.00%
Building control surveyor attendance at emergency incident/enforcement (per hour)	Non-Business	70.18	72.99	4.00%
Building control surveyor attendance at emergency incident out of hours (per hour)	Non-Business	105.26	109.47	4.00%
Preparation and posting of documentation in relation to an emergency/enforcement incident or dangerous structure (per document)	Non-Business	70.18	72.99	4.00%

Category	VAT	2022/23	2023/24	% increase
Grobby Community Centre				
Whole building				
3 hour session	Exempt	46.90	51.59	10.00%
Small room				
3 hour session	Exempt	23.50	25.85	10.01%
Discounts				
Registered charities (must quote registration number)		70%	70%	-
Approved elderly persons' organisations		70%	70%	-
Regular users – minimum usage 1 booking per week				
Booked quarterly in advance with no cancellation permitted		10%	10%	-
Letting of garages and garage plots (HRA)				
Where VAT applies, the figures quoted include VAT				
Garage plots per annum				
Private owners	Standard Rated	52.22	57.44	10.00%
Council house residents if let within proximity of residence	Non-Business	43.60	47.96	10.00%
Garages (council tenants)	Non-Business	246.95	271.65	10.00%
Garages (non council tenants)	Standard Rated	296.40	326.04	10.00%
Garages (council tenants) not let within proximity of residence	Standard Rated	296.40	326.04	10.00%
Other housing charges (HRA)				
Warden assisted accommodation				
Guest room charge per night	Standard Rated	11.01	12.11	9.99%
Warden assistance alarm connection				
Lifeline (weekly charge)	Standard Rated	5.42	5.96	9.95%
Lifeline for registered Disabled (weekly charge)	Exempt	4.51	4.96	9.97%
Central control connection (weekly charge)	Standard Rated	2.20	2.41	9.67%
Other housing charges (private sector)				
Accommodation certificate	Standard Rated	150.00	160.00	6.67%
Service of housing act notices - recovery of cost	Non-Business	POA	POA	-
Housing - mandatory HMO licensing - recovery of cost	Non-Business	POA	POA	-
Sheltered housing - service charges				
Ambion Court	Non-Business	15.00	16.50	10.00%
Ambion Court Guest Room (per night)	Non-Business		35.00	-
Hereford Way	Non-Business	11.65	12.80	9.83%
Clarendon House	Non-Business	15.00	16.50	10.00%
Queensway	Non-Business	12.70	13.95	9.84%
Castle Court	Non-Business	15.00	16.50	10.00%
Mayflower Court	Non-Business	15.00	16.50	10.00%
Royal Court	Non-Business	10.05	11.05	9.90%
Centurion Court	Non-Business	15.00	16.50	10.00%
St Giles Close	Non-Business	9.15	10.05	9.78%
Armada Court	Non-Business	12.45	13.70	10.00%
Tom Eatough Court	Non-Business	15.00	16.50	10.00%
Bed and breakfast charges (homeless)				
Households on JSA/IS (weekly charge)	Standard Rated	14.55	16.00	9.97%
Employed households (daily charge)	Standard Rated	14.55	16.00	9.97%
Each additional member of household (weekly charge)	Standard Rated	3.60	3.96	10.00%

Category	VAT	2022/23	2023/24	% increase
Publication list				
Hinckley & Bosworth local plan *	Zero Rated	76.00	83.60	10.00%
Local plan documents				
Local development scheme	Zero Rated	13.15	14.47	10.04%
Statement of community involvement	Zero Rated	13.15	14.47	10.04%
Authority monitoring report	Zero Rated	13.15	14.47	10.04%
Residential land availability statement	Zero Rated	13.15	14.47	10.04%
Employment land availability monitoring statement	Zero Rated	13.15	14.47	10.04%
Core strategy (December 2009) plus sustainability appraisal	Zero Rated	29.65	32.62	10.02%
Core strategy inspectors report	Zero Rated	13.15	14.47	10.04%
Site allocations and generic development control policies DPD preferred options	Zero Rated	75.85	83.44	10.01%
Site allocations and development management policies DPD pre-submission version	Zero Rated	75.85	83.44	10.01%
Hinckley Town Centre area action plan (March 2011) plus sustainability appraisal	Zero Rated	28.60	31.46	10.00%
Earl Shilton and Barwell area action plan preferred option (January 2011) plus sustainability appraisal	Zero Rated	35.20	38.72	10.00%
Earl Shilton and Barwell area action plan pre-submission version (July 2013) plus sustainability appraisal	Zero Rated	35.25	38.78	10.01%
Earl Shilton and Barwell area action plan (September 2014) plus sustainability appraisal	Zero Rated	35.25	38.78	10.01%
Earl Shilton and Barwell area action plan inspectors report	Zero Rated	13.15	14.47	10.04%
Local plan review scope, issues and options consultation document (2018)	Zero Rated	13.15	14.47	10.04%
Local plan review new directions for growth consultation document (2019)	Zero Rated	13.15	14.47	10.04%
Sustainability appraisal scoping report (2017)	Zero Rated	13.15	14.47	10.04%
Village design statements (various)	Zero Rated	13.15	14.47	10.04%
Neighbourhood plans (various)	Zero Rated	35.20	38.72	10.00%
The good design guide SPD	Zero Rated	47.30	52.03	10.00%
Hinckley town centre public realm masterplan	Zero Rated	47.30	52.03	10.00%
Other documents				
Employment land and premises study	Zero Rated	35.25	38.78	10.01%
Leicester & Leicestershire employment land study	Zero Rated	35.25	38.78	10.01%
Green infrastructure study	Zero Rated	35.25	38.78	10.01%
Strategic flood risk assessment	Zero Rated	35.25	38.78	10.01%
Biodiversity assessment	Zero Rated	29.70	32.67	10.00%
Areas of separation review (March 2012)	Zero Rated	23.10	25.41	10.00%
District, local and neighbourhood centre review	Zero Rated	13.15	14.47	10.04%
Green wedge review (Hinckley urban area or Rothley Brook)	Zero Rated	23.10	25.41	10.00%
Green wedge allocations topic paper (July 2012) assessment of new areas	Zero Rated	23.10	25.41	10.00%
Open space study	Zero Rated	47.25	51.98	10.01%
Community facilities review	Zero Rated	23.10	25.41	10.00%
Settlement hierarchy review	Zero Rated	23.10	25.41	10.00%
Gypsy & traveller accommodation needs assessment	Zero Rated	23.10	25.41	10.00%
Extended phase 1 habitat survey	Zero Rated	47.30	52.03	10.00%
Strategic housing land availability assessment	Zero Rated	12.10	13.31	10.00%
Renewable energy capacity study	Zero Rated	35.25	38.78	10.01%
Housing and economic development needs assessment	Zero Rated	44.00	48.40	10.00%
Landscape character assessment and landscape sensitivity analysis	Zero Rated	70.15	77.17	10.01%
Town and district centre study	Zero Rated	70.15	77.17	10.01%
Strategic housing and employment land availability assessment (SHELAA)	Zero Rated	12.05	13.26	10.04%
Car parking assessment of Hinckley town centre	Zero Rated	33.00	36.30	10.00%
Playing pitch strategy	Zero Rated	35.25	38.78	10.01%
Housing needs study	Zero Rated	35.25	38.78	10.01%
Infrastructure capacity study	Zero Rated	70.15	77.17	10.01%
Agricultural land study	Zero Rated	35.25	38.78	10.01%
LLITM transport modelling	Zero Rated	47.25	51.98	10.01%
Indoor sports facilities	Zero Rated	35.25	38.78	10.01%
Economic regeneration				
Hinckley & Bosworth economic regeneration strategy (2021 - 2025)	Zero Rated	13.15	14.47	10.04%
Conservation				
Conservation area appraisals (various)	Zero Rated	13.15	14.47	10.04%
Heritage strategy and action plan	Zero Rated	35.25	38.78	10.01%

Note: - All publications are subject to an additional charge for postage and packing

Note: - * 50% discount for local residents and voluntary organisations

Category	VAT	2022/23	2023/24	% increase
Street naming and numbering				
Renaming/renumbering of existing property	Non-business	£50 each	£50 each	-
Naming/numbering of one to five properties	Non-business	£50 each	£50 each	-
Naming/numbering of more than five properties	Non-business	£30 each additional	£30 each additional	-
Naming of a street	Non-business	£170 each	£170 each	-
Change to a development after notification (administration fee)	Non-business	60.00	60.00	-
Change to a development after notification	Non-business	£25 per plot	£25 per plot	-
Street re-naming at residents request	Non-business	260.00	260.00	-
Written confirmation of postal address details	Non-business	30.00	30.00	-
Numbering of new flat complex	Non-business	£35 per flat	£35 per flat	-

Category	VAT	2022/23	2023/24	% increase
Register of electors – statutory fees				
Purchase of register in data format (per request)	Standard Rated	20.00	20.00	-
(per 1000 or part there of)	Standard Rated	1.50	1.50	-
Purchase of register in printed format (per request)	Zero Rated	10.00	10.00	-
(per 1000 or part there of)	Zero Rated	5.00	5.00	-
Purchase of the (printed) marked register per request	Zero Rated	10.00	10.00	-
(per 1000 or part there of - data format)	Zero Rated	1.00	1.00	-
(per 1000 or part there of - paper format)	Zero Rated	2.00	2.00	-
Reprographic charges				
Photocopies for members of staff and parish councils				
A4 per sheet – black and white	Standard Rated	4p / copy	4p / copy	-
A4 per sheet – colour	Standard Rated	7p / copy	8p / copy	11.43%
A3 per sheet – black and white	Standard Rated	8p / copy	9p / copy	11.25%
A3 per sheet – colour	Standard Rated	14p / copy	15p / copy	10.71%
Miscellaneous				
Agendas per copy				
Council	Zero Rated	11.00	12.10	10.00%
Planning	Zero Rated	11.00	12.10	10.00%
Other committees	Zero Rated	5.40	5.94	10.00%
Photocopies of parts of reports and other documents				
1 copy A4	Standard Rated	0.10	0.11	10.00%
1 copy A3	Standard Rated	0.20	0.22	10.00%
Published statement of accounts				
	Zero Rated	£11 + p&p	£11 + p&p	-

Category	VAT	2022/23 £	2022/23 £	2023/24 £	2023/24 £	% increase
Legal services						
Miscellaneous agreements						
Retrospective consent (ex council properties)	Zero Rated	130.00		143.00		10.00%
Recharge of legal costs for Section 106 Agreements or unilateral undertakings	Non-Business	At cost minimum fee £2,000		At cost minimum fee £2,200		-
S106 Agreement shortform unilateral undertaking	Non-Business	At cost minimum fee £350		At cost minimum fee £385		-
Variation of S106 agreement or unilateral undertakings	Non-Business	At cost minimum fee £750		At cost minimum fee £825		-
Preparation of lease for industrial unit / shop (includes lease renewal)	Exempt	300.00		330.00		10.00%
Preparation of lease for Greenfields / Atkins (incl lease renewal)	Exempt	300.00		330.00		10.00%
Preparation of lease for Crescent Estate	Exempt	350.00		385.00		10.00%
Preparation of non standard lease	Exempt	At cost minimum fee £490		At cost minimum fee £539		-
Sitting out license	Exempt	250.00		275.00		10.00%
License to occupy	Exempt	250.00		275.00		10.00%
Preparation of deed of licence / variation of a term of lease	Exempt	250.00		275.00		10.00%
Surrender of lease	Exempt	390.00		429.00		10.00%
Licence to assign	Exempt	390.00		429.00		10.00%
Recharge of costs for sale / purchase of land	Exempt	At cost minimum fee £410		At cost minimum fee £451		-
Preparation of a deed of release of a restrictive covenant	Standard Rated	260.00		286.00		10.00%
Open space land adoption	Exempt	At cost minimum fee £800		At cost minimum fee £880		-
Data protection subject to access request (statutory maximum)	Non-Business	10.00		11.00		10.00%
Deed of dedication	Non-Business	300.00		330.00		10.00%
Deed of rectification (nil charge if council in error)	Standard Rated	280.00		308.00		10.00%
Right of way (standard easement)	Non-Business	250.00		275.00		10.00%
Retrospective consent (RTB properties)	Non-Business	120.00		132.00		10.00%
Postponement of charge (RTB properties)	Non-Business	120.00		132.00		10.00%
Right of First Refusal	Non-Business	120.00		132.00		10.00%
Licence authorising change of use	Non-Business	243.00		267.30		10.00%
Grazing licences	Zero Rated	120.00		132.00		10.00%
Deed of variation of leases	Standard Rated	350.00		385.00		10.00%
JCT minor works contract	Non-Business	109.00		120.00		10.09%
Sealing fee	Non-Business	20.75		22.80		9.88%
Leasehold Enquires - Form LPE1	Standard Rated	110.00		110.00		-
Notice fee (Notice of Assignment/Mortgage)	Standard Rated	50.00		55.00		10.00%
Mortgage questionnaire	Zero Rated	92.70		102.00		10.03%
Sealing fee for mortgages (redemption)	Zero Rated	82.00		90.20		10.00%
Charge for diversion / extinguishment of public rights of way						
		FIRST PATH	EACH ADD.	FIRST PATH	EACH ADD.	
Stage 1 (preliminary consultation)	Non-Business	880.00	260.00	968.00	286.00	10.00%
Stage 2 (making order)	Non-Business	352.00	103.50	387.20	113.85	10.00%
Stage 3 (submission to secretary of state where order opposed)	Non-Business	413.00	103.50	454.30	113.85	10.00%
Stage 4 (confirmation of order)	Non-Business	207.00	61.50	227.70	67.65	10.00%
Note: - No payment to be made until completion of Stage 2 (or such earlier stage if the matter proceeds no further) and, thereafter, at every appropriate subsequent stage						
Temporary Road Closures	Non-Business	175.00		192.50		10.00%

Hinckley & Bosworth Borough Council

Town and Country Planning Fees Applications - scale of fees

Outline Applications		
£462 per 0.1 hectare for sites up to and including 2.5 hectares	Not more than 2.5 hectares	£462 per 0.1 hectare
£11,432 + £138 for each 0.1 in excess of 2.5 hectares to a maximum of £150,000	More than 2.5 hectares	£11,432 + £138 per 0.1 hectare
Householders Application		
Alterations/extensions to a single dwellinghouse , including works within boundary	Single dwellinghouse	£206
Full Applications (and First Submissions of Reserved Matters; or Technical Details Consent)		
Alterations/extensions to two or more dwellinghouses , including works within boundary	Two or more dwellinghouses (or two or more flats)	£407
New dwellinghouses (up to and including 50)	New dwellinghouses (not more than 50)	£462 per dwellinghouse
New dwellinghouses (for <i>more</i> than 50) £22,859 + £138 per additional dwellinghouse in excess of 50 up to a maximum fee of £300,000	New dwellinghouses (more than 50)	£22,859 + £138 per additional dwellinghouse
Erection of buildings (not dwellinghouses, agricultural, glasshouses, plant nor machinery):		
Gross floor space to be created by the development	No increase in gross floor space or no more than 40 sq m	£234
Gross floor space to be created by the development	More than 40 sq m but no more than 75 sq m	£462
Gross floor space to be created by the development	More than 75 sq m but no more than 3,750 sq m	£22,859 + £138 for each additional 75 sq m in excess of 3,750 sq m to a maximum of £300,000
Erection of buildings (on land used for agriculture for agricultural purposes)		
Gross floor space to be created by the development	Not more than 465 sq m	£96
Gross floor space to be created by the development	More than 465 sq m but not more than 540 sq m	£462
Gross floor space to be created by the development	More than 540 sq m but not more than 4,215 sq m	£462 for first 540 sq m + £462 for each 75 sq m (or part thereof) in excess of 540 sq m
Gross floor space to be created by the development	More than 4,215 sq m	£22,859 + £138 for each additional 75 sq m in excess of 4,215 sq m to a maximum of £300,000
Erection of glasshouses (on land used for the purpose of agriculture)		
Gross floor space to be created by the development	Not more than 465 sq m	£96
Gross floor space to be created by the development	More than 465 sq m	£2,580
Erection/alterations/replacement of plant and machinery		
Site area	Not more than 5 hectares	£462 for each 0.1 hectare (or part thereof)
Site area	More than 5 hectares	£22,859 + additional £138 for each 0.1 hectare (or part thereof) in excess of 5 hectares to a maximum of £300,00

Applications other than Building Works		
Car parks, service roads or other accesses	For existing uses	£234
Waste (Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals)		
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£34,934 + £138 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000
Operations connected with exploratory drilling for oil or natural gas		
Site area	Not more than 7.5 hectares	£508 for each 0.1 hectare (or part thereof)
Site area	More than 7.5 hectares	£38,070 + £151 for each 0.1 hectare (or part thereof) in excess of 7.5 hectares up to a maximum of £300,000
Operations (other than exploratory drilling) for the winning and working of oil or natural gas		
Site area	Not more than 15 hectares	£257 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£38,520 + £151 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000
Other operations (winning and working of minerals) excluding oil and natural gas		
Site area	Not more than 15 hectares	£234 for each 0.1 hectare (or part thereof)
Site area	More than 15 hectares	£34,934 + £138 for each 0.1 hectare (or part thereof) in excess of 15 hectares up to a maximum of £78,000
Other operations (not coming within any of the above categories)		
Site area	Any site area	£234 for each 0.1 hectare (or part thereof) up to a maximum of £2,028

Lawful Development Certificate	
Existing use or operation	Same as Full
Existing use or operation - lawful not to comply with any condition or limitation	£234
Proposed use or operation	Half the normal planning fee

Prior Approval	
Agricultural and Forestry buildings & operations or demolition of buildings	£96
Communications (previously referred to as 'Telecommunications Code Systems Operators')	£462
Proposed Change of Use to State Funded School or Registered Nursery	£96
Proposed Change of Use to Agricultural Building to a State Funded School or Registered Nursery	£96
Proposed Change of Use to Agricultural Building to a flexible use within Shops, Financial and Professional service, Restaurants and Cafes, Business, Storage or Distribution, Hotel, or Assembly or Leisure	£96
Proposed Change of Use of a building from Office (Use Class B1) Use to a use falling within Use Class C3 (Dwellinghouse)	£96
Proposed Change of Use to Agricultural Building to a Dwellinghouse (Use Class C3), where there are no Associated Building Operations	£96
Proposed Change of Use to Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations	£206
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), where there are no Associated Building Operations	£96
Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a mixed Retail and Residential Use to a use falling within Use Class C3 (Dwellinghouse), and Associated Building Operations	£206

Prior Approval continued....		
Notification for Prior Approval for a Change of use from Storage or Distribution Buildings (Class B8) and any land within its curtilage to Dwellinghouses (Class C3)	£96	
Notification for Prior Approval for a Change of use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3)	£96	
Notification for Prior Approval for a Change of use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3), and Associated Building Operations	£206	
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurant and Cafes (Class A3)	£96	
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to Restaurant and Cafes (Class A3), and Associated Building Operations	£206	
Notification for Prior Approval for a Change of use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops (Sui Generis Uses) to Assembly and Leisure Uses (Class D2)	£96	
Notification for Prior Approval for a Development Consisting of the Erection or Construction of a Collection Facility within the curtilage of a Shop	£96	
Notification for Prior Approval for the Temporary Use of Building or Land for the Purpose of Commercial Film-Making and the Associated Temporary Structures, Works, Plant or Machinery required in Connection with that Use	£96	
Notification for Prior Approval for the Installation, Alteration or Replacement of other Solar Photovoltaics (PV) equipment on the Roofs of Non-domestic Buildings, up to a Capacity of 1 Megawatt	£96	

Reserved Matters		
Application for approval of reserved matters following outline approval	Full fee due or if full fee already paid then £462 due	

Approval/Variation/discharge of condition		
Application for removal or variation of a condition following grant of planning permission	£234	
Request for confirmation that one or more planning conditions have been complied with	£34 per request for Householders otherwise £116 per request	

Change of Use of a building to use as one or more separate dwellinghouses, or other cases		
Number of dwellinghouses	Not more than 50	£462 for each
Number of dwellinghouses	More than 50 dwellinghouses	£22,859 + £138 for each in excess of 50 up to a maximum of £300,000
Other Changes of Use of a building or land		£462

Advertising		
Relating to the business on the premises	£132	
Advance signs which are not situated on or visible from the site, directing the public to a business	£132	
Other Advertisements	£462	

Application for a Non-material Amendment Following a Grant of Planning Permission		
Applications in respect of householder developments	£34	
Applications in respect of other developments	£234	

Application for Permission in Principle (valid from 1 June 2018)		
Site area	£402 for each 0.1 hectare (or part thereof)	

Concessions

Please note: Not all concessions are valid for all applications types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable.

Exemptions from payment

An application solely for the alteration or extension of an existing dwellinghouse; or works in the curtilage of an existing dwellinghouse (other than the erection of a dwellinghouse) for the purpose of providing:

- Means of access to or within it for a disabled person who resident in it, or is proposing to take up residence in it; or
- Facilities designed to secure that person's greater safety, health or comfort.

An application solely for the carrying out of the operations for the purpose of providing a means of access for disabled persons to or within a building or premises to which members of the public are admitted.

Listed Building Consent

Planning permission for relevant demolition in a Conservation Area

Works to trees covered by a Tree Preservation Order or in a Conservation Area Hedgerow Removal

If the application is the first revision of an application for development of the same character or description on the same site by the same applicant:

- For a withdrawn application: Within 12 months of the date the application was received
- For a determined application: Within 12 months of the date the application was granted, refused or an appeal dismissed
- For an application where an appeal was made on the grounds of non-determination: Within 12 months of the period when the giving notice of a decision on the earlier valid application expired

If the application is for a lawful development certificate, for existing use, where an application for planning permission for the same development would be exempt from the need to pay a planning fee under any other planning fee regulation

If the application is for consent to display an advertisement following either a withdrawal of an earlier application (before notice of decision was issued) or where the application is made following refusal of consent for display of an advertisement, and where the application is made by or on behalf of the same person

If the application for consent to display an advertisement which results from a direction under Regulation 7 of the 2007 Regulations, dis-applying deemed consent under Regulation 6 to the advertisement in question

If the application is for alternative proposals for the same site by the same applicant, in order to benefit from the permitted development right in Schedule 2 Part 3 Class V of the Town and Country Planning (General Permitted Development) Order 2015 (as amended)

Please note: Not all concessions are valid for all applications types. Upon receipt of your application, the local authority will check the fee is correct and if the concession is applicable.

Exemptions from payment continued...

If the application relates to a condition or conditions on an application for Listed Building Consent or planning permission for relevant demolition in a Conservation Area

If the application is for a Certificate of Lawfulness of Proposed Works to a listed building

Prior Approval for a Proposed Larger Home Extension

Reduction to payments

If the application is being made on behalf of a non-profit making sports club for works for playing fields not involving buildings then the fee is £462

If the application is being made on behalf of a parish or community council then the fee is 50%

If the application is an alternative proposal being submitted on the same site by the same applicant on the same day, where this application is of lesser cost then the fee is 50%

In respect of reserved matters you must pay a sum equal to or greater than what would be payable at current rates for approval of all the reserved matters. If this amount has already been paid then the fee is £462

If the application is for a Lawful Development Certificate for a Proposed use or development, then the fee is 50%

If two or more applications are submitted for different proposals on the same day and relating to the same site then you must pay the fee for the highest fee plus half the sum of the others

Where an application crosses one or more local or district planning authorities, the Planning Portal fee calculator will only calculate a cross boundary application fee as 150% of the fee that would have been payable if there had only been one application to a single authority covering the entire site.

If the fee for the divided site is smaller when the sum of the fees payable for each part of the site are calculated separately, you will need to contact the lead local authority to discuss the fee for this divided site.

The fee should go to the authority that contains the larger part of the application site.



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	22 February 2023

Wards affected: All

Capital Programme 2022-23 to 2025-26 and Capital Strategy

Report of Head of Finance

1. Purpose of report

- 1.1 To seek approval of the Capital Strategy & Capital Programme for the years 2022/2023 – 2025/2026.

2. Recommendation

- 2.1 The Capital Strategy is approved.
- 2.2 That Council approves the proposed Capital Programme for the years 2022/2023 – 2025/2026.
- 2.3 That Council approves the growth bids detailed in section 3.30 of this report.

3. Background to the report

Capital Strategy

- 3.1 CIPFA's updated prudential code & Treasury Management Code of Practice require local authorities to produce capital strategies from 1st April 2019. This requirement has also been confirmed by DLUHC.
- 3.2 The key drivers for the requirement are summarised below:-
- Understanding risks associated in investing in non-financial products with the primary aim of making a return (e.g., Local authorities investing in shopping malls and not understanding associated risks)

- Understanding risks and funding involved with third sector entities, wholly owned companies as part of regeneration etc.
- Underlying issues of how such investments are financed and setting aside a borrowing provision & due diligence.

Details of this Council's process regarding creation, approval and monitoring of schemes are included within section 7 of the financial procedure rules

- 3.3 There is a requirement that the strategy is approved by Council.
- 3.4 This report should be read in conjunction with the Treasury Management report.

Capital Programme

- 3.5 Capital expenditure is expenditure that results in the creation of an asset that has a life expectancy of more than one year and where use of the asset will result in benefits in future years. Capital expenditure may be used to generate assets for the Council's own use or to provide support for third party capital enhancements. The Capital Strategy looks at the longer term risks associated with capital expenditure and governance arrangements.
- 3.6 Any plans for capital expenditure must be financed through an approved method of funding. The main streams of such financing are summarised in paragraph 3.22:-
- 3.7 The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets. At the same time, the Programme is an integral element of the financial planning procedures of the Council and forecasts how the Council will deliver key projects affordably and within relevant Prudential Limits. The Programme should therefore be read in conjunction with these documents, alongside the Council's Corporate Asset Management Strategy and Housing Revenue Account Investment Plan.
- 3.8 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.9 The overall Capital Programme for 2022/2023 – 2025/2026 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

CAPITAL STRATEGY

Capital Expenditure

3.10 Primary legislation regarding capital finance is included in The Local Government Act 2003. The act refers to the following types of expenditure that fall under the capital financing regime.

- “expenditure of the authority which falls to be capitalised in accordance with proper practices” (i.e., the creation of an asset that has a useful life of more than one year).
- expenditure under regulation prescribed by the Secretary of State which can or can't be treated as capital expenditure.
- 3.11 The Council's definitions of the capital programme are included within Section 7 of the financial procedure rules. An extract is provided below:-

“Capital expenditure means the acquisition, construction, or enhancement of tangible/intangible fixed assets (land, buildings, vehicles, plant, equipment, hardware, and software). Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing and revenue running costs.

An enhancement is defined as:

- *Works that lengthen substantially the useful market value life of an asset.*
- *Works that increase substantially the market value of an asset.*
- *Works that increase the extent to which the property can be used for purposes of functions of the council.*“

3.11 The Capital programme and its funding are summarised below. Details of individual schemes are presented within the Appendix 1 of the Capital Programme Report. The future year's capital programme will continue to be reliant on external funding and rental income for HRA schemes.

General Fund Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2022-2023	2023-2024	2024-2025	2025-2026
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
Corporate & Support Services	20,581	6,554	22,901	5,340	786
Community Services	8,294	3,480	2,358	1,228	1,228
Total Capital Expenditure	28,875	10,034	25,259	6,568	2,014

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
Financing					
Capital Receipts	3,149	784	1,913	295	157
External Contributions	9,491	3,590	2,660	2,031	1,210
Borrowing GF	14,820	5,298	19,693	4,212	617
Contribution from reserves GF	1,415	362	993	30	30
Total Financing	28,875	10,034	25,259	6,568	2,014

HRA Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2022-2023	2023-2024	2024-2025	2025-2026
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
HRA	23,688	5,325	6,501	5,756	6,106
Service Investment	61	61	0	0	0
Affordable Housing	11,969	1,680	6,940	4,024	0
Vehicles	40	0	40	0	0
Total Capital Expenditure	35,758	7,066	13,481	9,780	6,106
Financing					
Major Repairs Reserve	12,647	3,009	3,620	3,009	3,009
Regeneration Reserve	12,130	2,594	5,644	1,946	1,946
Earmarked Reserves	60	60	0	0	0
Borrowing	5,623	0	1,626	2,876	1,121
External Funding	150	405	150	0	0
Grants	1,450	0	900	550	0
Capital Receipts	3,698	997	1,541	1,399	30
Total Financing	35,758	7,066	13,481	9,780	6,106

Capital Project Planning & Approval Framework.

3.12 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability. Prior to consideration a capital bid form is submitted which details the following:-

- Brief description of scheme and how the scheme meets the Councils priorities.
- Profiled spending proposals over 4 years.
- Sets out external contributions and grant funding for the scheme.
- Ongoing revenue implications (e.g., IT, Staffing costs).

3.13 Any additional bids that are agreed by SLT during the financial year are approved in accordance with financial procedure rules.

- 3.14 SLT will monitor progress and review the capital programme to ensure that the council's corporate objectives are being met and that there is consistency between the capital programme and the corporate plan.

Governance Arrangements

- 3.15 Scheme budgets are monitored monthly. Project Officers receive monthly reports and are discussed as part of the monthly meetings with their respective Accountant. A monthly outturn report is presented to SLT with appropriate corrective action. Finance and Performance Committee receive quarterly updates. Additionally, budget variations are reported and approved in accordance with financial procedure rules.
- 3.16 For larger schemes a Project Board and Project Team oversee the scope and delivery of key strategic projects. The Project Board will usually include a member lead and senior manager within the Council. The Project Manager will head the Project Team, supported where necessary with specialist consultants. The Project Team will also draw on in-house expertise of officers and includes financial, legal, and planning representatives. The Project Team will report to the Project Board at agreed intervals and is responsible for delivering targets that the Project Board set against an agreed programme for delivery.

Prior to project approval and sign off the Project Initiation Document a scoping and feasibility exercise will be carried out to identify the project objectives, project cost and project risks. If the feasibility study findings are supported by the Directors and Chief Executive of the Council the project will be forwarded to Executive or Full Council for sign off dependant on the capital investment required.

Throughout the project both the Project Team and Project Board will monitor progress and the Project Board will receive Highlight Reports and an updated Project Risk Register. Within the Highlight report key issues and budget figures will be reported. Updates may also be reported to Executive and Full Council for major capital projects.

Longer Term Financial Planning

- 3.17 The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted. An innovation and enterprise board has been set up which look at various potential opportunities that may arise. Within the existing capital programme, the Crematorium scheme once completed will help to underpin the general fund resources by generating cost reductions and or a net income.

In the longer term the Council's Heavy vehicle fleet will need to be replaced. A decision will need to be made whether funds are set aside in preparation to fund the replacement. The Council will also have to set aside funds to ensure that parks, play areas, commercial units and corporate assets are maintained

at a decent standard. A building maintenance reserve has been set aside to fund such developments.

- 3.18 Currently, the Councils capital activity for the general fund can be split into 2 areas. New one-off schemes and recurring schemes are required to maintain the current level of service provision. i.e., this is the minimum value of the ongoing capital programme. The indicative cost for this is presented below.

	2023-24 Budget £000's
Enhancement & Improvement Works	325
Grants	5,099
Parks	326
Property, Plant and Equipment	2,899
Total	8,649

- 3.19 Resources are needed to ensure that this level of support can be maintained, and new commitments can be funded. In essence if no reserves or external funding is available, the cost of the capital programme is met by borrowing, the costs of which are charged to the revenue account through Minimum Revenue Provision (principal repayment of debt funding) and any interest cost if actual borrowing has taken place.
- 3.20 The HRA Capital Programme is based on the 30 Year Business Plan which is currently being refreshed to reflect the Council Housing Asset Management strategy (to be approved by Council in April 2022) and the council house new build and acquisition ambitions, which will be updated in the forthcoming HRA Investment Strategy. Since 2017 alongside the enhancements to current stock, the council has developed 76 council properties and acquired a further 16 properties to add to the total.

Capital Funding

- 3.21 The following areas of funding are available to fund the programme.
- Government Grants – Typically these are received to enable Councils to focus resources on central government priorities. e.g., disabled facilities grant. The grants have conditions attached so spending must focus on the area concerned and will normally only be given if a Council can also commit its own resources.
 - Contributions and other grants Government Grants – Typically these are like government grants. Expenditure will be limited to those set out in the conditions of the grant or legal contracts and may require a level of match funding by the local authority.
 - Earmarked Reserves – Capital Expenditure can also be funded through the Council's earmarked reserves. Typically, these reserves are used to

fund specific schemes or used for match funding to support partly funded projects. These reserves are reported as part of the MTFs and the revenue budget reports.

- Capital Receipts – These balances are the net sales proceeds that the Council can use to fund future capital projects. Part of the proceeds from the sale of Council Dwellings must be earmarked for the increase in affordable housing supply.
- Direct Revenue Financing – This is where the General Fund or HRA Balance is used to fund projects. Due to pressures on the revenue budget this is only used occasionally. Typically, this will arise when additional funding is received which can be used to fund either revenue or capital expenditure, or where specific underspends are used to part finance a capital project.
- Borrowing – the Council is permitted to set within its “Prudential Indicators” a level of borrowing that can be obtained to fund capital expenditure. The Council must be satisfied that this borrowing is used to fund projects that are prudent, sustainable, and affordable

Borrowing

- 3.22 The Council is allowed to borrow funds to finance capital expenditure as long as it is affordable (i.e., future MRP and interest Payments affordable).
- 3.23 The Council has long term surplus cash balances, and these funds can also be used for fund expenditure. Although this will not attract an interest cost MRP still has to be provided.
- 3.24 The Council's borrowing requirement, risks and affordability are considered as part of the Treasury Management and prudential Indicator report approved by Council in February.

Asset Management Overview

- 3.25 The Council's asset management plan is currently being reviewed. The key strategic objectives of the plan are:
- Provide opportunities for increasing the commercial estate and accommodation for “business start ups.”
 - Promoting new affordable Housing for rent and delivering Council House new build & affordable housing schemes.
 - To complete the Crematorium Project.
 - Disposal of surplus land & buildings that have no operational uses.
 - Maximise efficiency through co-location and improved conference facilities.

Asset Management Overview

- Council proposes to actively pursue the acquisition of assets and the development of land in accordance with a new Acquisition and Development Strategy.”. The strategy was agreed at Council in November 2022
- Council proposes to concentrate acquisitions and development undertaken through the strategy within the borough boundary to ensure maximum localised impact, but the Council acknowledges that its functional economic geography (FEG).

Commercial Activity & non-Treasury investments

- 3.26 On the Council's Balance sheet the Council does not hold any investment properties. Investment properties are assets that are solely held for an investment return or capital appreciation and no other reason. For all our assets although a future return is one of the aims, there are other aims as well e.g., economic regeneration, employment etc.

Major income generation activity using council assets is listed below:-

Activity	Value £000's	Due Diligence
Leisure Centre Management Fee	1,120	This is a fixed Fee based on a design build operate and maintain contract. The fee is payable regardless of the value of fees collected by the Leisure Provider. Due diligence was undertaken at pre contract stage with detailed financial checks, references and off site meets at centres where the provider has successfully implemented such schemes.
Hinckley Hub	482	The partners occupy the premises on a Licence agreement. Each agreement has contractual provisions for uplift of rent.
Commercial Estates Income	916	Before award of the lease, a financial check is undertaken, and trading references are also taken . This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
Car Parking	550	Income is monitored monthly and changes to the fee base are subject to Council Approval.
Block C	372	Before award of the lease, a financial check is undertaken, and trading references are also taken . This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
New projects		At feasibility stage key risks are identified and any potential on going costs and or income are approved in accordance with financial procedure rules.

Knowledge & Skills - Capital Projects

3.27 The Council has the following resources to ensure projects are delivered successfully.

- 1 X Estates & Asset Manager
- 1 X Housing Repairs Manager (Housing Schemes)
- 3 X Estates & Building Surveyors

These officers have experience of:-

- Developing capital projects
- Acquiring and selling properties
- Commissioning partners to deliver the capital programme
- Managing properties as a landlord

To support the Council own resources external support is also used for advice, due diligence, property assessments and valuations and project support. Architectural, Quantity Surveying and Engineering support is also used as and when required.

CAPITAL PROGRAMME

Proposed Capital Programme - General Fund

3.28 The General Fund Capital Programme is concentrated around achievement of the priority capital projects namely:

- Green Spaces Delivery Plan
- Private Sector Housing Assistance
- Crematorium Scheme funding has been updated to reflect the change in funding.
- Heritage Action Zone.

3.29 New Schemes

Use of Right to Buy receipts in current year 2022/23

In 2022/23 there are £257,000 pounds of RTB that are at risk of being returned as not used within a five-year period. To do so we will need to spend between £650,000 and £800,000 by the year end or risk losing the funds. This is in addition to capital budgets agreed at the beginning of the 2022/23 year. This has been given the support of the current administration, but due to its value requires Council approval as well. Action is being taken to try and ensure purchase of new housing stock can be achieved before the year end to prevent the return of the unused RTB receipts.

New schemes 2023/24-2025/26

The following requests have been received in respect of new schemes for inclusion in the revised capital programme and require approval for inclusion . They have been reflected in the Capital Programme shown at Appendix 1.

Members ICT Equipment

The scheme is to provide all councillors with ICT equipment built and managed by ICT leading to improved councillor support arising from consistency in device management.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	30,000	30,000	0	0

Emergency Generator

The scheme is to provide an Emergency Generator with the aim of protecting corporate information and minimising recovery disruption. Additionally it would protect ICT equipment from uncontrolled power loss thus preventing damage to equipment

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	12,000	12,000	0	0

UPS Replacement

The scheme is for the enhancement of the existing UPS (Uninterrupted Power Supply) protection to enable ICT operations to be shut down in an orderly fashion/ This will ensure information is protected from corruption, minimising recovery disruption and preventing damage to equipment.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	33,000	33,000	0	0

MFA Non-Corp Mobiles

The scheme is to enable the Microsoft Authenticator App to be installed on all corporate devices as a means of ensuring compliance with best practice for MFA (Multi Factor Authentication)

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	8,000	8,000	0	0

Load Balancers

The Scheme is for the purchase of load balancers to enable our servers to be used in a more effective manner leading to greater reliability of connection for users, increased flexibility in the event of a server requiring emergency maintenance and increased system performance.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	12,000	12,000	0	0

Installation of solar panels on Hinckley Leisure Centre

The Scheme is for the installation of solar panels at Hinckley Leisure centre based on an invest to save proposal. Aim is to reduce Energy benchmarking costs aligned to the Leisure Service Management Contract

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	12,000	200,000	0	0

UK Shared Prosperity Schemes

The Council has successfully made a bid under this schemes projects will support 5 key local priorities

- Cost of Living challenges
- Climate Change impacts
- Town Centre enhancements
- Employment & Skills
- Health & Well Being

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost	740,000	35,000	125,000	580,000
External Contributions	(740,000)	(35,000)	(125,000)	(580,000)
HBBC Element	0	0	0	0

Rural Prosperity Schemes

This scheme relates to a series of capital projects to be undertaken under the Rural Prosperity scheme umbrella and will be entirely funded from the external grant contributions received for this purpose

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost	400,000	0	100,000	300,000
External Contributions	(400,000)	0	(100,000)	(300,000)
HBBC Element	0	0	0	0

Movement in Connection Fund

This scheme relates to the provision of towpath improvements at Ashby Canal in the vicinity of the Sketchley Brook Development . The scheme is entirely funded from section 106 contributions

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost (all HBBC)	160,000	160,000	0	0
Less Section 106 contributions	(160,000)	(160,000)	0	0
HBBC Element	0	0	0	0

Burbage Common – The Greens

Additional play area provision

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	52,250	52,250	0	0

Machinery Procurement

The Scheme relates to the phased replacement of existing equipment which is at the end of its economic life

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	188,513	40,642	83,002	64,869

New Green Spaces Delivery Strategy

This is the bid for the new Green Spaces Delivery Plan to be phased over the next 5 years.

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Annual Expenditure	351,504	27,250	132,712	101,542
Less Section 106 contributions	(222,300)	(14,970)	(105,462)	(101,868)
Special Expenses Reserve	(117,444)	(9,280)	(22,250)	(85,914)
HBBC ELEMENT	11,760	3,000	5,000	3,760

Burbage Common Pay and Display

The Scheme relates to costs for Burbage Common Pay and Display

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	10,878	10,878	0	0

Partnership IT Schemes

This scheme relates to costs changes in the IT partnership and is covered by contributions

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost (all HBBC)	715,000	340,000	375,000	0
External Contributions	(715,000)	(340,000)	(375,000)	0
HBBC Element	0	0	0	0

Hinckley Hub upgrade

Additional upgrade to make the space more lettable.

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element	200,000	0	200,000	0

Regeneration LLEP Enterprise Zone

Additional schemes primary around fitness and landscaping funded by monies set aside in reserves

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element (reserves)	295,911	0	295,911	0

Acquisition and Development

To pursue opportunities which may be appropriate for either the wholly owned company or the Council for the proposes of the acquisition of assets and the development of land in accordance with a new approved Acquisition and Development Strategy

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element (reserves)	15,000,000	0	15,000,000	0

3.30 Schemes Re-phased

The following schemes have been rephrased as set out below:

	22/23 £000's	23/24 £000's	24/25 £000's	25/26 £000's	
Making Tax Digital	(12)	12	0	0	Project re-phased due to software changes.
Network Upgrades – Phase 2	(48)	48	0	0	Re-phasing of budget
Wi-Fi Upgrades	(50)	50	0	0	Re-phasing of budget
Bosworth 1485 Sculpture Trail Project	(603)	603	0	0	Re-phasing of budget
New Crematorium	(3,501)	843	3,649	95	Re-phasing of approved budget and adjusted for latest build cost
MIRA Technology Park	(1,049)	3,553	0	0	Re-phasing based on final legal agreement
Total	(4,214)	1,556	3,649	95	

Existing schemes

3.31 The remainder of the Programme contains ongoing schemes which have been in place for several financial years. The following points should be noted when reviewing these schemes:

- Hinckley Area Community Initiatives grant (funded from the Special Expenses Reserves).
- Green Space strategy schemes have been re-profiled based on anticipated developer receipts and grant funding. HAC has reviewed and endorsed these schemes. These schemes are funded by SEA reserves or be external contributions. There is no General Fund capital funding earmarked for these schemes.
- The Crematorium scheme has been reprofiled to reflect the latest expenditure profile

3.32 Future General Fund Schemes

The programme does not currently include the following schemes

- New HGV purchases due in 2025. If an assumption is made that a vehicle cost £0.170m, the cost for say 25 vehicles will be £4.25m. This

will potentially cost another £0.178m per year in capital financing charges to the general fund.

- Changes to associated with food waste collection, changes to the garden waste service and recycling collection. Initial roll out costs are expected to be around £2.9m. Based on the latest information available this will be funded via New Burdens Support.

Proposed Capital Programme - Housing Revenue Account

3.33 The proposed Capital Programme for the Housing Revenue Account (the HRA Programme) is included in Section 4 of Appendix 1. The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan which was approved by Council in November 2018 and allow for rephrasing of current expenditure but no additional increases. These were:

- Ongoing investment to existing stock
- Service improvements
- Affordable Housing

Stock Enhancement/Investment

3.34 £23.7 million of investment has been proposed over the life of the HRA Programme into existing stock. The sequence of these works is based on the outputs from the Asset Management System which is informed by the most recent stock condition survey.

Affordable Housing/Housing Delivery.

3.35 At the date of drafting this report, the Affordable Housing arm of the Programme includes

- Potential new 21unit development at Peggs Close (23/24)
- Additional £7.6m for New Housing Delivery between 2022/23 and 2024/25. This will ensure that Council is committed to use up its allocated of right to buy capital receipts.

Financing

3.36 Expenditure in the Capital Programme will be funded by the following key streams:

- Contributions from the Major Repairs Reserve for the cyclical stock programmes
- Use of the HRA "Regeneration Reserve" which has been set up following the introduction of self-financing
- Use of earmarked reserves
- Grant Funding & External Contributions.

- Use of Right to Buy “Capital Receipts” obtained from the sale of HRA properties

Funding Implications

3.37 The main methods of financing the Capital Programme are detailed in section 3.2 of this report. The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted.

Capital Receipts Reserve

3.38 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. It is estimated that £3.235m will be used in 2022/23 to reduce the Council's overall borrowing position. Failure to pay of this debt will result in an additional MRP cost chargeable to the general fund from 2023/24 onwards. These costs have been allowed for within the MTFS. At the end of 2025/26 there will be an estimated £4,198 in the reserve.

	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Opening Balance	(9,917)	(6,360)	(3,931)	(3,262)
In Year Receipts	(1,460)	(1,025)	(1,025)	(1,123)
Repayment of Debt Leisure Centre	3,235	0	0	0
In Year Application	1,752	2,798	1,566	187
In Year Application Crem	30	1,656	128	0
Closing Balance	(6,360)	(3,931)	(3,262)	(4,198)

3.39 Receipts assumptions are based on the following:

	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Right to Buys	(1,300)	(975)	(975)	(1,073)
Misc. Sales	(160)	(50)	(50)	(50)
Total Receipts	(1,460)	(1,025)	(1,025)	(1,123)

Due to the current economic climate Right to Buy receipts in 2023/24 and 2024/25 receipts are expected to fall then will start to pick up again in 2025/26.

Borrowing

3.40 As outlined in section 3.2, the Council is permitted to borrow within approved limits to finance capital expenditure. This “authorised limit” is recommended as part of the Treasury Management Policy and Prudential Indicators each year

and is based on the level of borrowing that is recommended by the S151 officer as being sustainable, affordable, and prudent.

- 3.41 The Council has loans of £67,128,000 within the Housing Revenue Account relating to the self-financing settlement. These started being repaid from March 2020.
- 3.42 In line with relevant accounting standards, the Council is required to budget for the cost of borrowing, to include any interest payable and a provision for the repayment of debt (the Minimum Revenue Position). Based on the current borrowing need detailed in the Programme, the additional cost of borrowing has been calculated as follows:

	2023/24 £	2024/25 £	2025/26 £
Interest	66,030	159,683	244,186
MRP	37,771	47,085	186,436
Total	103,801	206,768	430,622

- 3.43 Further details of the Council's borrowing limits and indicators will be outlined in the 2023/2024 Treasury Management Policy.

Use of Reserves

- 3.44 The following reserves (excluding special expenses) have been used to finance specific capital schemes outlined in the Programme:

	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
ICT reserve	15	30	15	15
Developing Communities Fund	283	0	0	0
Waste Management Reserve	15	15	15	15
Asset Management Reserve	0	200	0	0
Enterprise Zone - Covid	0	296	0	0
Crematorium	48	452	0	0
Total General Fund	361	993	30	30

- 3.45 All transfers to/from reserves (i.e., including revenue expenditure and transfers from balances) are detailed in the General Fund budget report contained on this agenda

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 The Local Government Act 2003 set out a framework for the financing of capital investments in Local Authorities
- 6.2 The Council is legally required to set a balanced 3-year capital programme.
- 6.3 Whilst there are no implications arising directly from the recommendation of this report there are some legal considerations which should be noted:
- 6.4 In relation to the property transactions identified within the report, relevant officers will need to ensure that authority is obtained from Council for any acquisition or disposal of land. This applies in relation to the Affordable Housing purchases detailed within the body of the report.
- 6.5 Any contracts will need to be dealt with in accordance with the constitution and all relevant authorities for spending secured, as necessary.

7. Corporate Plan implications

- 7.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has been evaluated to ensure it contributes towards achievement of a Corporate Plan objective.

8. Consultation

- 8.1 Major schemes have been subject to individual consultations as part of the viability and design process.

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 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
[S.11 - Failure to successfully deliver the Medium Term Financial Strategy.	<p>A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.</p> <p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p> <p>Sufficient levels of reserves and balances have been maintained to ensure financial resilience</p>	A Wilson

10. Knowing your community – equality and rural implications

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

11. Climate implications

- 11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.
- 11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications

- Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: Capital Submissions, Civica Reports
Contact officer: Ilyas Bham, Accountancy Manager x5924
Executive member: Cllr K Lynch

General Fund Summary

CAPITAL ESTIMATES 2022/2023 to 2025/2026

	TOTAL COST	ESTIMATE 2022/23	ESTIMATE 2023/24	ESTIMATE 2024/25
	£	£	£	£
Expenditure				
Corporate, Support & Streetscene Service	32,742,386	5,867,570	21,980,751	4,313,740
Community & Development Services	1,639,937	575,700	618,237	223,000
Expenditure Total	34,382,323	6,443,270	22,598,988	4,536,740
Financing				
General Financing				
Capital Receipts	1,334,247	753,904	257,122	166,525
Borrowing GF (Non MIRA)	18,299,465	1,097,389	16,139,445	541,002
Borrowing (MIRA)	7,754,000	4,200,490	3,553,510	
Contribution from reserves GF	913,726	312,815	540,911	30,000
Crematorium				
Capital Receipt	1,814,771	30,251	1,656,421	128,099
Borrowing	3,766,114			3,671,114
Reserves	500,000	48,421	451,579	0
Financing Total	34,382,323	6,443,270	22,598,988	4,536,740

Corporate & Support

	TOTAL COST £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	200,000	50,000	50,000	50,000	50,000
Making Tax Digital					
Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	15,000	15,000	0	0	0
Server/Network Hardware Replacements					
Total Costs	0	0	0	0	0
Revs and Bens Partnership Contribution	0	0	0	0	0
HBBC Element	0	0	0	0	0
Office365 Consultancy Support					
Total Annual Expenditure(ALL HBBC)	10,000	10,000	0	0	0
Data Centre Upgrade					
Total Annual Expenditure(ALL HBBC)	172,000	172,000	0	0	0
Future Operating Model					
Total Annual Expenditure(ALL HBBC)	75,000	75,000	0	0	0
Idox System Upgrade					
Total Annual Expenditure(ALL HBBC)	7,400	7,400	0	0	0
Health & Safety Jubilee/Other Works					
Total Annual Expenditure(ALL HBBC)	20,000	20,000	0	0	0
New Performance Management System					
Total Annual Expenditure(ALL HBBC)	0	0	0	0	0
ICT Transitional Costs					
Total Costs	10,000	10,000	0	0	0
External Contributions	0	0	0	0	0
HBBC Element	10,000	10,000	0	0	0
MIRA Technology Park					
Total Annual Expenditure(ALL HBBC)	7,754,000	4,200,490	3,553,510	0	0
Network Upgrades - Phase 2 (70% next yr 30 this)					
Total Annual Expenditure(ALL HBBC)	68,000	20,400	47,600	0	0
ICT Security Upgrades					
Total Annual Expenditure(ALL HBBC)	156,500	156,500	0	0	0
Wifi Upgrades (all next yr) equipment delays					
Total Annual Expenditure(ALL HBBC)	50,000	0	50,000	0	0

UK Shared Prosperity Schemes

Total Costs	740,000	35,000	125,000	580,000	0
External Contributions	(740,000)	(35,000)	(125,000)	(580,000)	0
HBBC Element	0	0	0	0	0

Rural Prosperity Fund Schemes

Total Costs	400,000	0	100,000	300,000	0
External Contributions	(400,000)	0	(100,000)	(300,000)	0
HBBC Element	0	0	0	0	0

Members ICT Equipment

Total Annual Expenditure(ALL HBBC)	30,000	0	30,000	0	0
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Emergency Generator

Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0
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UPS Replacement

Total Annual Expenditure(ALL HBBC)	33,000	0	33,000	0	0
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MFA Non Corp Mobiles

Total Annual Expenditure(ALL HBBC)	8,000	0	8,000	0	0
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ITAM Patching not required

Total Annual Expenditure(ALL HBBC)	0	0	0	0	0
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Load Balancers

Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0
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Parks Major works

Total Annual Expenditure(ALL HBBC)	120,000	30,000	30,000	30,000	30,000
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Tracking System

Total Annual Expenditure(ALL HBBC)	56,000	14,000	14,000	14,000	14,000
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Memorial Safety Programme

Total Costs	25,430	6,110	6,270	6,440	6,610
Special Expenses Area Reserves	(25,430)	(6,110)	(6,270)	(6,440)	(6,610)
HBBC ELEMENT	0	0	0	0	0

Waste Management Receptacles

Total Annual Expenditure(ALL HBBC)	510,041	121,860	132,960	132,525	122,696
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Existing Green Spaces Delivery Plan

Total Costs	349,924	87,794	262,130	0	0
Less Section 106 contributions	(291,936)	(87,794)	(204,142)	0	0
Less other private contributions	(57,988)	0	(57,988)	0	0
Special Expenses reserve	0	0	0	0	0
HBBC ELEMENT	0	0	0	0	0

New Green Spaces Delivery Strategy

Total Annual Expenditure(ALL HBBC)	351,504	0	27,250	132,712	191,542
Less Section 106 contributions	(222,300)	0	(14,970)	(105,462)	(101,868)
Special Expenses reserve	(117,444)	0	(9,280)	(22,250)	(85,914)
HBBC ELEMENT	11,760	0	3,000	5,000	3,760

Burbage Common - The Greens

HBBC ELEMENT	52,250	0	52,250	0	0
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Borough Improvements

Total Costs	114,560	64,560	50,000	0	0
Less Private contribution	(30,000)	(15,000)	(15,000)	0	0
HBBC Element	84,560	49,560	35,000	0	0

Machinery Procurement

Total Annual Expenditure(ALL HBBC)	188,513	0	40,642	83,002	64,869
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Car Park Improvements

Total Annual Expenditure (ALL HBBC)	0	133,873	75,000	50,000	50,000
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New Crematorium

Total Annual Expenditure (ALL HBBC)	6,080,885	78,672	2,108,000	3,799,213	95,000
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Parish & Community Initiatives Grants

Total Annual Expenditure(ALL HBBC)	600,000	150,000	150,000	150,000	150,000
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Hinckley Community Initiatives Fund

Total Costs	63,250	27,250	12,000	12,000	12,000
Special Expenses Area Reserves	(63,250)	(27,250)	(12,000)	(12,000)	(12,000)
HBBC Element	0	0	0	0	0

Community Development Fund

Total Annual Expenditure(ALL HBBC)	282,815	282,815	0	0	0
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Electric Charging Points

Total Costs	326,364	301,364	25,000	0	0
Grant Funding	(152,918)	(152,918)	0	0	0
HBBC Element	173,446	148,446	25,000	0	0

Argents Mead - Moat Improvements

Total Costs	143,871	143,871	0	0	0
Less Section 106 contributions	(10,675)	(10,675)	0	0	0
Other Contributions	(11,642)	(11,642)			
HBBC Element	121,554	121,554	0	0	0

Burbage Common Pay and Display

Total Annual Expenditure(ALL HBBC)	10,878	0	10,878	0	0
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Partnership IT Schemes

Total Costs	715,000	340,000	375,000	0	0
External Contributions	(715,000)	(340,000)	(375,000)	0	0
HBBC Element	0	0	0	0	0

NHS Hinckley Hub upgrade

HBBC Element	200,000	0	200,000	0	0
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Regeneration LLEP Enterprise Zone

HBBC Element	295,911	0	295,911	0	0
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Acquisition & Development Scheme

HBBC Element	15,000,000	0	15,000,000	0	0
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**TOTAL GROSS EXPENDITURE
LESS TOTAL CONTRIBUTIONS**

	35,580,969	6,553,959	22,900,401	5,339,892	786,717
	(2,838,583)	(686,389)	(919,650)	(1,026,152)	(206,392)

TOTAL HBBC ELEMENT

	32,742,386	5,867,570	21,980,751	4,313,740	580,325
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Community Services

	TOTAL COST £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £
Renovation Assistance (Major Works)					
Total Annual Expenditure(ALL HBBC)	545,208	155,208	130,000	130,000	130,000
Home Improvement Assistance (Minor Works)					
Total Annual Expenditure(ALL HBBC)	160,000	40,000	40,000	40,000	40,000
Private Sector Housing Enforcement					
Total Annual Expenditure	442,500	142,500	100,000	100,000	100,000
Less External Contributions	(442,500)	(142,500)	(100,000)	(100,000)	(100,000)
HBBC ELEMENT	0	0	0	0	0
Countywide Hoarding Project					
Total Annual Expenditure	1,478,887	533,887	315,000	315,000	315,000
Less Government Grant	(1,478,887)	(533,887)	(315,000)	(315,000)	(315,000)
HBBC ELEMENT	0	0	0	0	0
Green Deal and Fuel Poverty Capital Fund					
Total Annual Expenditure	168,756	168,756	0	0	0
Less Government Grant	(168,756)	(168,756)	0	0	0
HBBC ELEMENT	0	0	0	0	0
Disabled Facilities Grants					
Total Annual Expenditure	2,987,382	1,059,342	642,680	642,680	642,680
Less Government Grant	(2,689,680)	(920,640)	(589,680)	(589,680)	(589,680)
HBBC ELEMENT	297,702	138,702	53,000	53,000	53,000
Sports Facility Improvement Fund					
Total Annual Expenditure(ALL HBBC)	36,400	16,400	20,000	0	0
Bosworth 1485 Sculpture Trail Project					
Total Annual Expenditure	653,846	50,000	603,846	0	0
LLEP contributions	(479,279)	0	(479,279)	0	0
HBBC Element	174,567	50,000	124,567	0	0
CCTV Upgrade					
Total Annual Expenditure	64,187	64,187	0	0	0
Contributions	(50,000)	(50,000)	0	0	0
HBBC Element	14,187	14,187	0	0	0
Movement and Connection Fund					
Total Costs	160,000	160,000	0	0	0
Less Section 106 contributions	(160,000)	(160,000)	0	0	0
HBBC Element	0	0	0	0	0
Heritage Action Zone					
Total Costs	1,337,181	1,030,681	306,500	0	0
Special Expenses Area Reserves	(99,006)	(80,806)	(18,200)	0	0
Less: Contributions	(1,034,905)	(797,275)	(237,630)	0	0
HBBC Element	203,270	152,600	50,670	0	0
Stetchley Brook 106					
Total Costs	45,000	45,000	0	0	0
Less Section 106 contributions	(45,000)	(45,000)	0	0	0
HBBC Element	0	0	0	0	0
Earl Shilton Shop Front					
Total Costs	13,603	13,603	0	0	0
External Contributions	(5,000)	(5,000)	0	0	0
HBBC Element	8,603	8,603	0	0	0
Solar Panel Scheme at Hinckley Leisure Centre					
External Contributions	200,000	0	200,000	0	0
TOTAL GROSS EXPENDITURE	8,292,950	3,479,564	2,358,026	1,227,680	1,227,680
LESS TOTAL CONTRIBUTIONS	(6,653,013)	(2,900,864)	(1,739,789)	(1,004,680)	(1,004,680)
TOTAL HBBC ELEMENT	1,639,937	578,700	618,237	223,000	223,000

Housing Revenue Account Capital Programme

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
		2022/23	2023/24	2024/25	2025/26
Expenditure	£	£	£	£	£
Sheltered Scheme Enhancements	179,384	50,000	42,000	43,260	44,124
Kitchen Improvements	3,009,247	744,423	735,196	757,252	772,376
Boiler and Heating Replacement	1,948,457	626,460	415,135	426,733	480,129
Low Maintenance Doors	233,834	53,930	58,400	60,151	61,353
Electrical Testing / Upgrading	2,246,121	629,225	524,869	540,615	551,412
Programmed Enhancements	944,268	307,840	175,500	118,966	341,962
uPVC Window Replacement	802,303	147,293	212,626	219,005	223,379
Re-roofing	1,892,259	629,392	687,225	284,975	290,667
Adaptations for Disabled People	2,028,108	553,553	698,163	384,358	392,034
Major Void Enhancements	2,810,248	694,820	686,700	707,301	721,427
Bathrooms Enhancements	943,390	187,240	210,000	270,375	275,775
Legionella	71,989	17,000	17,850	18,386	18,753
Asbestos	654,820	169,630	157,500	162,225	165,465
Fire Risk Assessments	993,320	325,400	231,000	216,300	220,620
Insulation & Wraps	4,178,565	189,200	1,398,455	1,295,455	1,295,455
Capital Salaries	752,979	0	250,992	250,993	250,994
Shower Replacement Programme	0	0	0	0	0
Piper Alarm System	60,000	60,000	0	0	0
Upgrade Mobile Housing Solution	1,200	1,200	0	0	0
Affordable Housing Scheme	1,600,000	400,000	600,000	600,000	0
Ambion Court	161,730	161,730	0	0	0
Housing Delivery	7,653,920	891,920	3,338,000	3,424,000	0
Ambion Court Bungalows	225,650	225,650	0	0	0
Peggs Close	3,001,750	0	3,001,750	0	0
Vehicles Purchases	40,000	0	40,000	0	0
Expenditure Total	36,433,542	7,065,906	13,481,361	9,780,350	6,105,925
Financing					
Major Repairs Reserve (Depreciation)	12,647,175	3,009,000	3,620,175	3,009,000	3,009,000
Regeneration Reserve	12,130,075	2,594,440	5,644,175	1,945,730	1,945,730
Earmarked Reserves - Piper Alarm	60,000	60,000			
Borrowing	5,623,656	0	1,626,441	2,876,020	1,121,195
External Funding	555,000	405,000	150,000	0	0
Grant funding	1,450,000	0	900,000	550,000	
Capital Receipts	3,967,636	997,466	1,540,570	1,399,600	30,000
Financing Total	36,433,542	7,065,906	13,481,361	9,780,350	6,105,925



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	22 February 2023

Wards affected: All

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES TREASURY MANAGEMENT STRATEGY 2022-23 – 2025-26 AND PRIDUENTIAL INDICATORS 2022-23 – 2025-26

Report of Section 151 Officer

1. Purpose of report

1.1 This report outlines the Council's prudential indicators for 2022/23 - 2025/26 and sets out the expected treasury operations for this period. It fulfils four key 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). 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 Statement**, which sets out how the Council will pay for capital assets through revenue each year
- 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.

- 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.

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

- 1.2 This report should be read in conjunction with the Capital Strategy and the Capital Programme which are both on the Council agenda for the 23rd February 2023. The Capital Strategy deals with investments outside of the remit of standard treasury investments.

2. Recommendation

Members approve:

- 2.1 The Prudential Indicators and Limits for 2022/23 to 2025/26 contained within 3.19 & 3.20 of the report, including the Authorised Limit Prudential Indicator.
- 2.2 The Minimum Revenue Provision (MRP) Statement contained in paragraphs 3.10 & 3.11 which set out the Council's policy on MRP.
- 2.3 The attached report at Appendix 1.

3. Background to the report

- 3.1 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.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security

of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

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.”

- 3.2 The Treasury Management Strategy is attached as an Appendix. Key tables are summarised in the report.

The Capital Expenditure & Prudential Indicators (**Section 2 of Appendix**)

- 3.3 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. Any decisions by the Council to commit 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).

The revenue consequences of capital expenditure will need to be paid for from the Council’s own resources.

The Council’s capital expenditure plans are summarised below. **Further details are contained in section two of the Appendix.** The overall borrowing need for the Council is summarised below:-

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement					
CFR – non housing	34,394	35,047	54,451	59,409	59,600
CFR – housing	70,320	70,320	70,320	70,320	70,320
Total CFR	104,714	105,367	124,771	129,729	129,920
Movement in CFR	(720)	653	19,404	4,958	191

Movement in CFR represented by					
Net financing need for the year (above)	605	5,298	21,319	7,088	1,738
Less MRP/VRP and other financing movements	(1,325)	(4,645)	(1,915)	(2,130)	(1,547)
Movement in CFR	(720)	653	19,404	4,958	191

- 3.4 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.
- 3.5 The Council is asked to approve the summary capital expenditure projections below.

Capital Expenditure	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Non-HRA	3,252	10,033	25,258	6,568	2,014
HRA	9,405	7,066	13,481	9,780	6,106
Total	12,657	17,099	38,739	16,348	8,120

The table below summaries the above capital expenditure plans and how these plans are being financed by capital and revenue resources. Any shortfall of resources results in an borrowing need.

Financed by:					
Capital receipts	1,747	1,781	3,454	1,694	187
Capital grants	2,031	3,995	3,709	2,581	1,211
Capital reserves	8,274	6,024	10,257	4,985	4,984
Revenue	0	0	0	0	0
Net financing need for the year	605	5,298	21,319	7,088	1,738

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

- 3.6 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.
- 3.7 The Council is asked to approve the CFR projections below:

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement					
CFR - Non Housing	34,394	35,047	54,451	59,409	59,600
CFR – Housing	70,320	70,320	70,320	70,320	70,320
Total CFR	104,714	105,367	124,771	129,729	129,920
Movement in CFR	(720)	653	19,404	4,958	191

Movement in CFR represented by

Net financing need for the year (above)	605	5,298	21,319	7,088	1,738
Less MRP/ VRP and other financing movements	(1,325)	(4,645)	(1,915)	(2,130)	(1,547)
Movement in CFR	(720)	653	19,404	4,958	191

- 3.8 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.

- 3.9 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.

- 3.10 A detailed Policy statement is included in Section 2.4 of the appendix. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will follow:

To write off the existing balance over 37 years on a straight line basis (i.e. write the original debt off over 50 years)

- 3.11 From 1 April 2008 for all borrowing (including Finance Leases) the MRP policy will be:-

Asset Life Method – MRP will be based on the estimated life of the assets

This option provide for a reduction in the borrowing need over approximately the asset's life.

BORROWING (Section 3 of Appendix)

- 3.12 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 an issue that need to be considered.
- 3.13 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to borrowing. Section 3 of the Appendix details the Councils Borrowing Strategy.

Core funds and expected investment balances

- 3.14 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

Year End Resources £000	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Fund balances / reserves	18,975	14,326	7,595	7,258	7,270
Capital receipts	9,917	6,360	3,931	3,262	4,198
Provisions	629	650	650	650	650
Other	4,212	2,000	1,500	1,500	1,500
Total core funds	33,733	23,336	13,676	12,670	13,618
Working capital*	1,800	1,500	1,500	1,500	1,500
Under/over borrowing	28,927	25,718	27,689	29,476	31,604
Additional Borrowing	0	(7,270)	(15,524)	(18,316)	(19,496)
Expected Investments	3,006	3,388	11	10	10

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

- 3.15 The estimates of financing costs include current commitments and the proposals in the budget report.

BORROWING STRATEGY

- 3.16 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 an issue that needs to be considered.
- 3.17 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to borrowing. Section 3 of the Appendix details the Councils Borrowing Strategy.
- 3.18 The Council's treasury portfolio position at 31 March 2021, with forward projections are summarised below. The table shows the external debt for capital financing operations.

	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
External Debt				
Debt at 1 April	75,787	79,649	97,082	100,253
Other Long Term Liabilities	1,505	(945)	(976)	(733)
Expected change in debt	2,357	18,378	4,147	(1,204)
79	79,649	97,082	100,253	98,316

Treasury Indicators: limits to borrowing activity

- 3.19 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt (Internal and External)	105,367	124,771	129,729	129,920
Total	105,367	124,771	129,729	129,920

- 3.20 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the 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.

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 this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Authorised limit	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt	99,707	117,607	123,510	124,677
Other long term liabilities	8,660	10,164	9,219	8,243
Total	108,367	127,771	132,729	132,920

Separately, the Council is also limited to a maximum HRA CFR based on affordability.

HRA Debt Limit	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
HRA debt cap	72.0	72.0	72.0	72.0
HRA CFR	70.3	70.3	70.3	70.3
HRA headroom	1.7	1.7	1.7	1.7

ANNUAL INVESTMENT STRATEGY (Section 4 of Appendix)

- 3.21 The Council's investment policy has regard to the following: -
- MHCLG's Guidance on Local Government Investments ("the Guidance")
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
 - CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The investment strategy is detailed in Section 4 of the Appendix. In accordance with guidance above the strategy prioritises security first, portfolio liquidity second and then return (yield). The Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables spreading of risk. Market information and expert advice is also used to monitor financial markets.

- 3.22 The Head of Finance 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. These criteria are separate to that which determines which types of investment instrument are to be used.
- 3.23 Credit rating information is supplied by Link Asset Services our treasury advisors, 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
- 3.24 The criteria for providing a pool of high quality investment counterparties is listed in section 4.2 of the Appendix.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 These are contained in the body of the report

7. Corporate Plan implications

- 7.1 Treasury Management and Prudential Indicators indirectly impacts on all Corporate Plan targets

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.

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
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	<p>A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.</p> <p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p> <p>Sufficient levels of reserves and balances are maintained to ensure financial resilience</p>	A Wilson

10. Knowing your community – equality and rural implications

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

11. Climate implications

- 11.1 There are no direct implications arising from this report. However budget decisions made by members in relation to issues such as rents, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.

12. Corporate implications

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

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: Capital Programme 2022/23 to 2025/26
Revenue Budget 2023/24

Contact officer: Ilyas Bham, Accountancy Manager x5924
Executive member: Cllr K Lynch

1.1 Background

The Authority 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 Authority'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 Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it 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, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including 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."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. **An annual treasury report** – This will be a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. Finance & Performance committee receive quarterly updates on the Council borrowing and lending.

1.2.3 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.2.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed.

1.3 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

THE CAPITAL PRUDENTIAL INDICATORS 2023/24– 2025/26

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

1.4 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Non-HRA	3,252	10,033	25,258	6,568	2,014
HRA	9,405	7,066	13,481	9,780	6,106
Total	12,657	17,099	38,739	16,348	8,120

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts	1,747	1,781	3,454	1,694	187
Capital grants	2,031	3,996	3,709	2,581	1,211
Capital reserves	8,274	6,024	10,257	4,985	4,984
Revenue	0	0	0	0	0

Net financing need for the year	605	5,298	21,319	7,088	1,738
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1.5 The Council's borrowing need (the Capital Financing Requirement)

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 indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £8.660m as at the 1st April 2022 of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement					
CFR – non housing	34,394	35,047	54,451	59,409	59,600
39CFR – housing	70,320	70,320	70,320	70,320	70,320
Total CFR	104,714	105,367	124,771	129,729	129,920
Movement in CFR	(720)	653	19,404	4,958	191

Movement in CFR represented by					
Net financing need for the year (above)	605	5,298	21,319	7,088	1,738
Less MRP/VRP and other financing movements	(1,325)	(4,645)	(1,915)	(2,130)	(1,547)
Movement in CFR	(720)	653	19,404	4,958	191

1.6 Core funds and expected investment balances

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.

Year End Resources £000	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Fund balances / reserves	18,975	14,326	7,595	7,258	7,270
Capital receipts	9,917	6,360	3,931	3,262	4,198
Provisions	629	650	650	650	650

Other	4,212	2,000	1,500	1,500	1,500
Total core funds	33,733	23,336	13,676	12,670	13,618
Working capital*	1,800	1,500	1,500	1,500	1,500
Under/over borrowing	28,927	25,718	27,689	29,476	31,604
Additional Borrowing	0	(7,270)	(15,524)	(18,316)	(19,496)
Expected Investments	3,006	3,388	11	10	10

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

1.7 Minimum revenue provision (MRP) policy statement

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).

DLUHC regulations have been issued which require the 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

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

To write off the existing balance over 37 years on a straight line basis (i.e. write the original debt off over 50 years)

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 regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

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

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

MRP Overpayments - A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2021 the total VRP overpayment was £0.117m. Where VRP has been made in prior years and reserves are available to pay off debt VRP will be reversed.

2 BORROWING

The capital expenditure plans set out in Section 1 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 relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2022 and for the position as at 31st December 2022 are shown below for both borrowing and investments.

Treasury Portfolio				
	Actual	Actual	Current	Current
	31.03.22	31.03.22	31.12.22	31.12.22
	£'000	%	£'000	%
Treasury Investments				
Banks	8,908	45%	19,317	63%
Building Societies - Unrated	8,500	43%	9,500	31%
Local Authorities	2,500	12%	2,000	6%
Money Market Fund	0	0%	0	0%
Total managed in house	19,908	100%	30,817	100%
Treasury external borrowings				
PWLB	70,069	100%	73,934	99%
NWLDC	0	0%	750	1%
Total external Borrowings	70,069	100%	74,684	100%
Net treasury investments/(borrowing)	(49,639)	29.15%	(41,772)	40.38%

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
External Debt					
Debt at 1 April	79,196	75,787	79,649	97,082	100,253
Expected change in Debt	(2,941)	2,357	18,378	4,147	(1,204)

Other long-term liabilities (OLTL)	0	2,000	0	0	0
Expected change in OLTL	(468)	(495)	(945)	(976)	(733)
Actual gross debt at 31 March	75,787	79,649	97,082	100,253	98,316
The Capital Financing Requirement	104,714	105,367	124,771	129,729	129,920
Under / (over) borrowing	28,927	25,718	27,689	29,476	31,604

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt 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 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Head of Finance 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.

2.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	96,707	114,607	120,510	121,677
Other long term liabilities	8,660	10,164	9,219	8,243
Total	105,367	124,771	129,729	129,920

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the 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.

1. 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 this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £000	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	99,707	117,607	123,510	124,677
Other long term liabilities	8,660	10,164	9,219	8,243
Total	108,367	127,771	132,729	132,920

2.3 Prospects for interest rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 19.12.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 Months	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 Months	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 Months	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 Yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 Yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 Yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 Yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (November 2022 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

2.4 Borrowing strategy

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 has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Head of Finance 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 borrowing rates, then borrowing may be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported in line with the Council's financial procedure rules

2.5 Policy on borrowing in advance of need

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.

2.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates,.

If rescheduling was done, it will be reported to Council, at the earliest meeting following its action.

2.7 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

2.8 Approved Sources of Long and Short term Borrowing

Our current available sources of borrowing are summarised below:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

3 ANNUAL INVESTMENT STRATEGY

3.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; 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. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of Y%.
 6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
 7. **Transaction limits** are set for each type of investment in 4.2.
 8. This authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
 9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
 10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
 11. All investments will be denominated in **sterling**.
 12. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31st March 2023. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

3.2 Creditworthiness policy

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 that:

- 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; and
- 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.

The Head of Finance 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. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by the Link Group, our treasury advisors, 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 the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

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 AA-
 and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
 - i. Short Term – F1
 - ii. Long Term – A-
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.
- Banks 3 – 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 invested.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above

- Building Societies. The Council will use all societies which:
 - i. Meet the ratings for banks outlined above;
 - or
 - ii. Have assets in excess of £500m;
- Money Market Funds (MMFs) CNAV LNAV VNAV – £11m
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc
- Housing associations
- Supranational institutions
- Property funds and corporate Bonds- We may consider these funds if they meet the creditworthiness criteria. No decision will be made on the use of these funds without the Council approval.

Use of additional information other than credit ratings. Additional requirements under the Code 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, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

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):

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Transaction limit	Time Limit
Banks 1 higher quality	AA-	£15m	£10m	2 yr
Banks 1 medium quality	A-	£13m	£7m	2 yr
Banks 1 lower quality	BBB	£11m	£5m	1 yr
Banks 2 – part nationalised	N/A	£11m	D £6m	1 yr
Limit 3 category – Council's banker (not meeting Banks 1)	-	£13m	£10m	1 yr
Building Societies	-	£15m	£10m	2 yr
Other institutions limit*	-	£8m	£5m	1 yr

DMADF	UK sovereign rating	Unlimited	Unlimited	1 Yr
Local authorities	N/A	£15m	£10m	5 yr
Housing associations	XXX	£6m	£3m	2 yr
Money Market Funds	AAA	£20m	£11m	liquid

The proposed criteria for specified and non-specified investments are shown in Appendix 5.4 for approval.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

3.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 5% of the total treasury management investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- c) **Other limits.** In addition:
 - no more than 10% will be placed with any non-UK country at any time;
 - limits in place above will apply to a group of companies;
 - sector limits will be monitored regularly for appropriateness.

3.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2022/23 (remainder)	3.90%
2023/24	4.25%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

Investment treasury indicator and limit - total principal funds invested for greater than 365 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.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	2023/24	2024/25	2025/26
Principal sums invested for longer than 365 days	£2,000,000	£2,000,000	£2,000,000

3.5 Investment performance / risk benchmarking

These benchmarks are simple guides to maximum risk, so they 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.

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

- **0.05% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £1m if required.
- Liquid short term deposits of at least £1m available with a week's notice.
- Weighted average life benchmark is expected to be 1 month, with a maximum of 1 year.

Yield - local measures of yield benchmarks are

- Investments – internal returns above the 7-day SONIA compounded rate

3.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report to FAP.

APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management (option 1)
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2025/26

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

1.1 Capital expenditure

Capital expenditure £000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Corporate & Support Services	2,247	6,553	22,900	5,340	787
Community Services	1,005	3,480	2,358	1,228	1,228
Non-HRA	3,252	10,033	25,258	6,568	2,015
HRA	9,405	7,066	13,123	9,780	6,106
Total	12,657	17,099	38,381	16,348	8,121

1.2 Affordability prudential indicators

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:

a. 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.

%	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Non-HRA	4.48	9.69	10.83	10.68
HRA	31.50	31.65	28.46	28.45
Total	35.98	41.34	39.29	39.13

The estimates of financing costs include current commitments and the proposals in this budget report.

1.3 Maturity structure of borrowing

Maturity structure 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.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2022/23		
	%	Amount £'000
Under 12 months	5%	3,691
12 months to 2 years	9%	7,009
2 years to 5 years	14%	10,513
5 years to 10 years	23%	17,521
10 years to 20 years	37%	27,650
20 years to 30 years	4%	3,300
30 years to 40 years	7%	5,000
	100%	74,684

1.4. Control of interest rate exposure

This is controlled via creditworthiness and limits in 3.2 and 3.3 above.

2 INTEREST RATES FORECASTS 2022-2025

This appendix is in a separate downloadable file.

PWLB forecasts are based on PWLB certainty rates.

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 Months	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 Months	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 Months	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 Yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 Yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 Yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 Yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

3 ECONOMIC BACKGROUND

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	10.7%y/y (Nov)	10.1%y/y (Nov)	7.1%y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of circa 500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by circa 500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. The markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the

markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

A more detailed Economic background is available on request.

4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate 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 01/04/2018 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), 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 that 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. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. 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, housing association, 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 XXX by Standard and Poor's, Moody's and / 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 and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are in the body of the report.

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.	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.	£11m
b.	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 have a minimum asset size of £500m, but will restrict these type of investments to £9m.	£15m
c.	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).	£11m
d.	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 limit of £5m for a period of 6 months.	£9m

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

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 Link 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 Head of Finance, and if required new counterparties which meet the criteria will be added to the list.

5 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- U.K

THIS LIST IS AS AT 19.12.22

6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of /amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval.

(ii) Finance & Performance Committee

- approval of division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- reviewing the treasury management policy and procedures and making recommendations to Council .

(iii) SLT/ Head of Finance

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.