

Public Document Pack
**HINCKLEY & BOSWORTH
BOROUGH COUNCIL**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

**AGENDA FOR THE
MEETING OF THE COUNCIL
TO BE HELD ON
THURSDAY, 20 FEBRUARY 2014
at 6.30 pm**

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Council Chamber (De Montfort Suite)

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Date: 12 February 2014

Hinckley & Bosworth
Borough Council

A Borough to be proud of

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council in the Council Chamber at these offices on **THURSDAY, 20 FEBRUARY 2014 at 6.30 pm**

Yours faithfully

Miss RK Owen
Democratic Services Officer

AGENDA

1. Apologies
2. Minutes of the previous meetings (Pages 1 - 16)
To confirm the minutes of the meetings held on 3 December 2013 and 21 January 2014.
3. Additional urgent business by reason of special circumstances
To be advised of any additional items of business which the Mayor decides by reason of special circumstances shall be taken as matters of urgency at this meeting.
4. Declarations of interest
To receive verbally from Members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda.
5. Mayor's Communications
To receive such communications as the Mayor may decide to lay before the Council.
6. Petitions
To receive petitions in accordance with the Council's Petitions' Scheme.

7. Questions
To deal with questions under Council Procedure Rule number 11.1
8. Leader of the Council's Position Statement
To receive the Leader of the Council's Position Statement.
9. Minutes of the Scrutiny Commission (Pages 17 - 26)
To receive for information only the minutes of the Scrutiny Commission meetings held on 21 November 2013 and 16 January 2014.
10. Community Campaign to save the former Regent Cinema
More information on this item to follow.
11. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 (Pages 27 - 30)
Report of the Monitoring Officer informing members of the new Standing Orders Regulations and requesting approval of the necessary amendment to the Council's Constitution.
12. General Fund budget 2014/15 (Pages 31 - 46)
Report of the Deputy Chief Executive (Corporate Direction), prepared taking into account the capital and HRA budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.
13. Council Tax Setting 2014/15 (Pages 47 - 52)
Report of the Deputy Chief Executive (Corporate Direction) seeking approval of the Council Tax setting for 2014/15.
14. Housing Revenue Account Budget 2014/15 (Pages 53 - 66)
Report of the Deputy Chief Executive (Corporate Direction) seeking approval of the Housing Revenue Account budget for 2014/15, including Housing Repairs.
15. Capital Programme 2014/15 (Pages 67 - 82)
Report of the Deputy Chief Executive (Corporate Direction) seeking approval of the Capital Programme 2013/2014 – 2016/2017.
16. Treasury Management Policy & Prudential Code 2014/15 (Pages 83 - 104)
Report of the Deputy Chief Executive (Corporate Direction) outlining the Council's prudential indicators for 2013/14 – 2016/17 and setting out the expected treasury operations for this period.
17. Local Government Declaration on tobacco control (Pages 105 - 116)
Report of the Deputy Chief Executive (Community Direction) regarding signing the Local Government Declaration on Tobacco Control and joining the Smokefree Action Coalition.
18. Calendar of meetings 2014/15 (Pages 117 - 118)
Members are asked to consider and approve the proposed calendar of statutory meetings for 2014/15.
19. To consider the following motions, notice of which have been received in accordance with Council Procedure Rules 13.1 and 13.2:-

Motion from Councillor Mullaney, seconded by Councillor Gould:

This Council asks that the Chief Executive Officer writes to Andy Cooper, Managing Director Cross Country Trains (A Deutsche Bahn subsidiary) and the Secretary of State for Transport calling for the restoration of a twice-hourly rail service between Hinckley and Birmingham and Leicester .

Council believes that Hinckley needs a twice hourly rail service because;

- This was the previous level of service before the West Coast upgrade, and we had more and later trains under BR
- That Hinckley has suffered particularly badly given the significant levels of growth across the network, and whilst other stations have seen increases, we've had a marked decrease
- That Hinckley forms part of the largest urban area in the East Midlands to have anything less than this level of service (Mansfield had its service upgraded in the 1990s through the "Robin Hood Line")
- As a growing area, with thousands more jobs coming locally there is a strong case for an increased level of rail service.

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Agenda Item 2

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

3 DECEMBER 2013 AT 6.30 PM

PRESENT: MRS L HODGKINS - MAYOR
MR JG BANNISTER – DEPUTY MAYOR

Mr RG Allen, Mr PR Batty, Mr Bessant, Mr DC Bill MBE,
Mr CW Boothby, Mr SL Bray, Mrs R Camamile, Mr MB Cartwright,
Mrs T Chastney, Mr DS Cope, Mr WJ Crooks, Mr DM Gould,
Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert, Mr DW Inman, Mr C Ladkin,
Mr MR Lay, Mr KWP Lynch, Mr R Mayne, Mr JS Moore, Mr K Morrell,
Mr MT Mullaney, Mr K Nichols, Mr LJP O'Shea, Mrs J Richards,
Mrs H Smith, Mrs S Sprason, Mr BE Sutton, Miss DM Taylor,
Mr R Ward and Ms BM Witherford

Officers in attendance: Steve Atkinson, Adam Bottomley, Bill Cullen, Malcolm Evans, Louisa Horton, Julie Kenny, Rebecca Owen, Katherine Plummer, Helen Rishworth and Sally Smith

288 PRAYER

Prayer was offered by Reverend John Whittaker.

289 APOLOGIES

Councillor Lay apologised in advance that he would have to leave at 7.30pm.

290 MINUTES OF THE PREVIOUS MEETING

On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the minutes of the meeting held on 24 September 2013 be approved and signed by the Mayor.

291 DECLARATIONS OF INTEREST

Councillor Bray declared a personal interest in item 13 on the agenda – Sale of former depot site, as he lived near the site and wished this to be recorded in order to be open and transparent.

292 MAYOR'S COMMUNICATIONS

During her communications the Mayor mentioned the success of the visit of the delegation from Shanghai, the open days for Hinckley Hub, the switch-on of the Christmas lights in Hinckley, Barwell, Market Bosworth and Newbold Verdon and UEFA women's football. She announced that she had attended the visit of the Duchess of Gloucester to Menphys Nursery in Burbage, and reminded members of her Carol Service on 15 December at St Mary's in Hinckley. In relation to her Charity Appeal, the Mayor announced that the casino night in October had raised over £1,000, that Hinckley Carnival Committee had donated £700 and that she had taken part in a abseil down the Church spire which had raised a large amount, to be shared between St Mary's and the Mayor's Charity appeal.

293 QUESTIONS

The following questions were received in accordance with Council Procedure Rule 11.1, and answers provided as follows:

- (a) Question from Councillor Ward to the Executive Member for rural affairs

Given that we now know the amount budgeted by the Council for rural broadband will be match funded by the same amount by BT and mindful of the importance of the growth of the rural economy to the future of this Borough, will the Council now substantially increase the amount it is prepared to commit to delivering this much needed service.

Response from Councillor Gould

The Council has agreed nearly £60,000 toward rural broadband, which we agree is an important matter. No payments have been made yet by any Council, pending a review of the model by BT. This Council is committing more than three other Councils in Leicestershire, two of which are Tory controlled.

- (b) Question from Councillor Morrell to the Leader of the Council

Can the Executive member please explain why the Council's Executive voted unanimously to make a contribution of £49,000 from tax payer funds to a private members' squash club to provide an extra squash court at their new facility at Tungsten Park, when this facility should be included for the unrestricted use of Borough residents in the Council's new leisure centre.

Response from Councillor Cope

The Officers report to Executive in November set out quite clearly the rationale for supporting the contribution of £49,000 to the new state of the art Hinckley squash facility, proposed to be built at Tungsten Park. The facility, which will cost approximately £1m, will not only replace the existing and outdated courts on the site of the bus station (which have to be relocated, as part of the overall development), but will provide four courts with ancillary modern facilities. In addition, the Council contribution will lever support from Squash and Racket England, who will contribute at least another £25,000.

The contribution will be conditional on a management agreement being put in place to open up the facility for public and school use. I am advised such agreements are in place with other local authorities in partnership with Squash and Racket England for similar facilities elsewhere in the country.

This initiative will guarantee the provision of professional, state of the art squash facilities for the public.

The added benefit for the area is that this will enable regional competitions to be played which cannot be hosted anywhere else in the Borough because of the lack of suitable facilities.

- (c) Question from Councillor Morrell to the Leader of the Council

Car parking at the Hinckley Hub continues to present challenges not only at the Hub itself but in surrounding areas, so much so that it has recently been referred to by members of the public as a pantomime. Does the Leader now regret the hasty move to this site when a more considered approach could have delivered

new Council offices and a new leisure centre with all the shared savings on the old Council offices site and surrounding area and at the same time kept Council staff and visitors in the Town centre, giving Castle Street a much needed boost.

Response from the Leader of the Council

I agree with the previous Conservative Leader that the move to the Hub was “a no-brainer”. The speeches at the official opening by Steve Atkinson, a senior civil servant from DWP and a Conservative County Councillor highlighted the huge savings to the public purse.

Locating the new Leisure Centre on the Argents Mead site will ensure its users, estimated to be in excess of 600,000 per year, will be attracted to not only the shops in Castle Street, but the new shopping and leisure facilities in the Crescent scheme.

I have asked for an urgent review of car parking linked to the Hub to be undertaken, and am reassured there are a number of potential options for increasing parking nearby.

Cllr Morrell welcomed the review of car parking, and as a supplementary question asked that a copy of the results be sent to all members. This was agreed.

(d) Question from Councillor Batty to the Leader of the Council

When adopting the Hinckley & Bosworth Borough Council Gypsy and Traveller Accommodation Needs Study at a meeting of the Executive in October 2013 the Leader of the Council stated that he welcomed this document as it illustrated that the Borough Council had a 5 year supply of pitches and that the Council did not need to accept any more applications. In view of recent conflicting claims that this evidence base may be flawed and in the light of an impending application for a gypsy/traveller caravan site in my ward, can the Leader please confirm whether the statement that the above statement made by him in October still applies?

Response from the Leader of the Council

I take issue over your claim that the evidence base is flawed. As you are well aware, the methodology adopted by this Council has substantially reduced the requirement that was identified both in the Core Strategy and the more recent county wide Gypsy and Traveller Needs Study.

It was interesting that Councillor Batty attended the Executive meeting but never requested to speak on the item.

As a supplementary question, Cllr Batty asked for confirmation on the situation regarding two particular sites. Cllr Bray repeated the commitment that there would be no additional sites included at this stage.

(e) Question from Councillor Batty

Can the Executive member please explain the significance of the long delay in the Council completing its site allocations document in the context of developer appeals and provide an indication of the cost of appeals for the financial years from 2009/10 through to 2014/15, this to include all the Council's costs and costs awarded against the Council.

Response from the Leader of the Council

The Site Allocations and Development Management document is programmed to be reported to January Scrutiny and January Council prior to consultation on the submission draft to Government for formal examination. There has been extensive work undertaken on reviewing representations from the previous draft document, which you recall attracted over 13,000 representations. Over the last year, there has been dialogue and meetings with local Ward Members in respect of the proposed sites and a cross party Member Working Group has been reviewing the draft Development Management policies that form a key part of the document, a process with which you have been involved.

In addition, you will also be aware that extensive work has had to be undertaken on technical evidence based documents (which are all available on the web site), to underpin the proposed allocations and policies. We know from the experience elsewhere in Leicestershire that, without this work, the Government is rejecting plans and providing a 'free for all' for developers to push forward speculative applications for development.

The estimated cost of appeals for the period 2009/10 to 2013/14 is £241,474.00 over the 5 years 2009-2014.

(f) Question from Councillor Ladkin to the Leader of the Council

- (i) Bearing in mind the huge amount of publicity given to the Council's very significant financial commitment to the Bus Station development and its determination to deliver the completed scheme in 2015 can the Executive member please advise us on whether this has led to an increased level of interest from potential tenants in the scheme and whether the developer has any firm interest in any of the retail or restaurant units.
- (ii) Having waived the £2.75m capital receipt in exchange for a speculative profit share agreement, can the Executive member provide any assurance that the developer now benefitting from this "windfall" will not be approaching existing town centre businesses offering "incentives" to induce them to relocate to the Bus Station development, hence undermining the future viability of Castle Street and the established town centre.

Response from the Leader of the Council

The Crescent regeneration scheme for the bus station site is an exciting new shopping and leisure scheme, which will feature a new cinema (Cineworld) and major new supermarket (Sainsbury's), which of course the Conservative Group opposed. Tin Hat Regeneration Partnership are in ongoing dialogue with other operators and announcements will be made in due course. These discussions remain commercially confidential.

Decisions for all commercial enterprises are for them to determine. We will not be encouraging the developer to target existing businesses. We can not prevent such businesses from taking their own investment decisions, particularly if the alternative is for the businesses to choose to close and relocate out of the town centre, due to lack of suitable premises.

(g) Question from Councillor Allen to the Leader of the Council

Can the Executive member please confirm when the document “Hinckley and Bosworth Borough Council Gypsy and Traveller Accommodation Needs Study” dated January 2013 was received by the Council and whether it has been necessary to make any changes from that document prior to it being considered by the full council.

Response from the Leader of the Council

The Gypsy and Traveller Accommodation Needs study was finally completed in April 2013 following the completion of the surveys of potential of existing sites to be accommodated additional pitches.

(h) Question from Councillor Richards to the Leader of the Council

Can the Executive member please explain the logic behind recommending a supplementary budget of £30,600 for parking permits for Hinckley Hub staff when it has requested £25,000 from businesses in the Town Centre Partnership to help provide parking concessions to generate more shopping footfall in the Town centre.

Response from the Leader of the Council

The supplementary budget approval at Executive recently was required under Financial Regulations to account for the long stay parking permits purchased by Leicestershire County Council for their staff on their occupation of the Hub in July 2013. This was not forecast within the 13-14 budget. As of last night, the Council has now secured a contribution of £10,000 from the BID for the next year, subject to a positive ballot for a second term.

294 LEADER OF THE COUNCIL'S POSITION STATEMENT

In presenting his position statement, the Leader of the Council emphasised the exciting time for the Borough of Hinckley and Bosworth. He referred to footfall in Hinckley bucking the national trend, the official opening of the Hub, the Local Democracy Week event, the high performance of the Revenues & Benefits Partnership, the appointment of a highways consultant and he paid tribute to Colin McGee who had won the East Midlands Unsung Hero award and would go forward to the finals at the BBC Sports Personality of the Year event. Cllr Bray also expressed the concerns, which were shared by the rest of the Council, about the planning system and the recent situation in Blaby District Council where applications could be determined by the Secretary of State due to that Council not having met its targets.

295 MINUTES OF THE SCRUTINY COMMISSION

The Chairman of the Scrutiny Commission presented the minutes of the meeting on 10 October for information.

296 LOCAL COUNCIL TAX SUPPORT SCHEME 2014-15

Members were provided with an update on the Local Council Tax Support Scheme (LCTS) which recommended reducing the maximum level of council tax support from 91.5% to 88%. On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED – the maximum level of Council Tax Support be agreed as 88%.

297 PRIORITY RESERVES

In presenting a report to council which identified priority reserves into which transfers could be made under delegated authority, it was explained that the report had been to Council previously and to the Scrutiny Commission twice and the matter was purely procedural. A verbal update on suggested amounts to be transferred to reserves was provided. It was explained that all transfers made to reserves would be reported to Council, but that delegation would ensure timely transfer of monies and would improve efficiency within the finance team. In addition, it was confirmed by the Chief Executive that all matters of expenditure would be considered by the full Council.

Councillor Lay left the meeting at 7.35pm.

It was moved by Councillor Lynch and seconded by Councillor Bray that the recommendations be approved. Upon being put to the vote, the motion failed to get the required two-thirds majority and was therefore LOST.

298 SALE OF FORMER DEPOT SITE, MIDDLEFIELD LANE

Council was updated on the current position regarding the sale of the former depot site on Middlefield Lane. A member expressed concern that the site had not been valued since 2010. However, in response it was stated that the report was 'in principle' and the value would be confirmed naturally during the course of the marketing and sale. On the motion of Councillor Lynch, seconded by Councillor Bill, it was

RESOLVED – the marketing of the site for sale be supported with a further report before the terms of sale are agreed.

299 THE HINCKLEY & BOSWORTH LOCAL PLAN - LOCAL DEVELOPMENT SCHEME 2013-2016

Members received a report which set out the reasons for revising the Local Development Scheme (LDS) and the timetable for doing so. On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the requirements for reviewing the LDS be endorsed and acknowledged and the LDS programme 2013-2016 be approved.

300 KLONDYKE ALLOTMENTS - COMPULSORY PURCHASE ORDER

A report was presented which outlined steps required to make a Compulsory Purchase Order to acquire land and property interests at the 'Klondyke' allotments site in Groby. Members welcomed the report and recommended action. It was moved by Councillor Bray, seconded by Councillor Bill, and unanimously

RESOLVED –

- (i) the making of the Hinckley Bosworth Borough Council (Klondyke Allotments) Compulsory Purchase Order 2013 (once the final form has been settled in accordance with the delegated authority set out below) be approved and submitted to the Secretary of State for confirmation;
- (ii) authority be delegated to the Chief Executive as follows:
 - (a) pursuant to the provisions of Sections 226(1)(b) of the Town and Country Planning Act 1990 (as amended),

section 13 of the Local Government (Miscellaneous Provisions) Act 1976, the Acquisition of Land Act 1981 and all other relevant powers and provisions the Chief Executive, in consultation with the Chief Officer Corporate Governance and Customer Engagement and any other appropriate officer, be authorised to make, seal and submit to the Secretary of State for confirmation, an order entitled "The Borough of Hinckley and Bosworth (Klondyke Allotments) Compulsory Purchase Order 2013" ("the Order") to acquire land and other interests in respect of the land shown coloured pink on the plan at Appendix 1 to this report ("the Land") referred to as "Map referred to in the Hinckley & Bosworth Borough Council (Klondyke Allotments) Compulsory Purchase Order 2013" or in respect of such lesser areas of that land should he consider it appropriate;

- (b) to agree and adopt a Statement of Reasons (a draft of which is attached at Appendix 2 to the report) which may be subject to minor amendment(s) as required until the time the Order is made for the making of the Order in order to promote the proper planning purpose of the site;
- (c) to publish and serve upon all persons entitled thereto the Notice of the making of the Order and to authorise publication of the Order and to take all other necessary steps to enable the Order to be confirmed by the Secretary of State;
- (d) that in the event the Order is confirmed by the Secretary of State, to serve Notices to Treat under Section 5 of the Compulsory Purchase Act 1965 and, where necessary, to serve Notices of Entry under Section 11 of the Compulsory Purchase Act 1965 in respect of the Land, or at his discretion to execute a General Vesting Declaration and in any event to take all steps considered necessary to obtain possession of the land included in the Order;
- (e)
 - (i) to continue to negotiate and attempt to negotiate with a view to agreeing terms for purchase by agreement or payment of compensation for any interests in or rights over the Land;
 - (ii) where considered appropriate, to agree terms for relocation;
 - (iii) if considered appropriate, to appoint specialist external consultants to perform or assist in the performance of these tasks; and
 - (iv) in the event that such terms are not agreed and following confirmation of the Order, to refer those matters where no agreement has been reached to the Lands Tribunal for determination.
- (f) To delegate authority to the Chief Executive to enter negotiations with Midland Quarry Products Ltd in order to agree the terms of a Compulsory Purchase Order Indemnity Agreement to contribute to the cost of the compulsory purchase and remediation of the Land.

Councillors Bessant and Ladkin were absent during this item and the vote thereon.

301 RE-ADOPTION OF THE LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976

Details were provided to members of the proposal to readopt the provisions of Part II of the Local Government (Miscellaneous Provisions) Act 1976 within the Borough of Hinckley & Bosworth. It was moved by Councillor Gould, seconded by Councillor Bray and unanimously

RESOLVED – the provisions of Part II of the Local Government (Miscellaneous Provisions) Act 1976 be adopted for the Borough of Hinckley & Bosworth.

302 ETHICAL GOVERNANCE AND PERSONNEL COMMITTEE

Following resignation of four members of the Ethical Governance and Personnel Committee, a report was presented to Council which provided options for dealing with complaints about Borough and Parish Councillors. It was moved by Councillor Witherford, seconded by Councillor Bray and

RESOLVED – The current position be maintained and attempts be made to fill the four vacancies.

Upon requesting nominations to fill the vacancies, none were received.

303 ANNUAL REVIEW OF THE CONSTITUTION

A report was presented which highlighted necessary updates as part of the annual review of the Council's Constitution and recommended other changes to aid decision making. On the motion of Councillor Witherford, seconded by Councillor Bray, it was

RESOLVED –

- (a) the following changes be made to the Constitution as recommended in paragraphs 3.2 to 3.6 and 3.9 to 3.10 of the report:
 - (i) Changes agreed previously by Council including Chief Officer structure and titles and Scheme of Members' Allowances;
 - (ii) Grammatical and typographical changes and those to ensure consistency;
 - (iii) Changes in relation to finance including finance definitions and financial limit on variations;
 - (iv) Legislative updates relating to Environmental Health;
 - (v) Amendments to onward limits of delegation with regard to Building Control and Private Sector Housing to make provisions for taking immediate action when necessary;

- (vi) Operational responsibility and delegated authority amendments within Street Scene Services as a result of Chief Officer restructure and for clarity and removal of duplication;
- (b) In relation to members and committees (paragraph 3.7 of the report):
- (i) seating arrangements at planning committee be updated to reflect layout of the De Montfort Suite;
 - (ii) Grammatical and textual corrections be made to the code of conduct.
- (c) Regarding member development (paragraph 3.8 of the report), mandatory training on Licensing, Planning and Appeals be changed from an annual requirement to 'as appropriate and identified by officers in consultation with the lead members for that service';
- (d) Changes to Planning Committee procedure be made as follows:
- (i) the Member of Parliament and County Councillor may speak on matters affecting their constituency or division for a maximum of two minutes;
 - (ii) amendment to paragraph 27.6(d) of the Constitution to allow speakers to speak again when a deferred application returns to committee.

304 MEMBERSHIP OF THE PLANNING COMMITTEE

On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the replacement of Councillor Crooks with Councillor Cope on Planning Committee be agreed.

305 MEMBERSHIP OF THE EXECUTIVE

The Leader announced a change to Executive membership and areas of responsibility as follows:

Councillor	Portfolio	Responsibilities
SL Bray	Leader of the Council	<ul style="list-style-type: none"> • Communications (including Borough Bulletin) • Strategic Leadership • Regeneration • Planning • Major Capital Projects • Town Centre, Markets & Car Parks • LGA General Assembly
DC Bill	Deputy Leader of the	<ul style="list-style-type: none"> • Deputising for the Leader

	Council & Exec member for Partnerships and Neighbourhoods	<ul style="list-style-type: none"> • External Partnerships (including East Mids Councils, LSP, Leicestershire Together, LGA Urban Commission, C&W City Deal, CDPR) • Refuse & Recycling • Neighbourhood Wardens • Street cleaning
BM Witherford	Executive member for Corporate Services & Equalities.	<ul style="list-style-type: none"> • Corporate Services • Equalities • Town twinning • Members services
KWP Lynch	Executive member for Finance, ICT & Asset Management	<ul style="list-style-type: none"> • Finance • ICT • Asset Management
DS Cope	Executive Member for Culture & Leisure	<ul style="list-style-type: none"> • Arts, Culture & Leisure • Tourism • Sports • Children & young people
DM Gould	Executive Member for Environment & Rural affairs	<ul style="list-style-type: none"> • Environmental Health • Licensing • Fair Trade • Rural Affairs • Parish Council Liaison • Climate Change
MT Mullaney	Executive Member for Housing & Community Safety	<ul style="list-style-type: none"> • Housing • Housing Repairs • Council House building • Community Safety (but not CDRP)

306 MEMBERSHIP OF REVENUES & BENEFITS JOINT COMMITTEE

It was reported that the Revenues and Benefits Joint Committee had, for governance reasons, agreed to appoint two members of each authority to the Committee. It was reported that Councillor Lynch was currently our representative on the Joint Committee. On the motion of Councillor Bray, seconded by Councillor Lynch, it was

RESOLVED – Councillor Witherford be appointed as the second representative of HBBC.

307 MEMBERSHIP OF OUTSIDE BODY: LEICESTERSHIRE & RUTLAND HERITAGE FORUM

On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – Councillor P Hall be appointed as this authority’s representative on the Leicestershire & Rutland Heritage Forum.

308 TO CONSIDER THE FOLLOWING MOTIONS, NOTICE OF WHICH HAVE BEEN RECEIVED IN ACCORDANCE WITH COUNCIL PROCEDURE RULES 13.1 AND 13.2:-

(a) It was proposed by Councillor Gould and seconded by Councillor Hulbert that

“This Council believes that housing developments, where built, should be primarily targeted to satisfy the local need and be of primary benefit to the locality. To that end, this Council will put in place policies that target affordable homes at people from that immediate locality.

Specifically, this Council shall put in place policies that mean new homes built in the Barwell Sustainable Urban Extension shall be firstly made available to residents (and in particular young families where relevant) in Barwell who need to find a home; similarly, this Council will make the same provision for Earl Shilton and its Sustainable Urban Extension”.

Upon being put to the vote, it was unanimously

RESOLVED – the motion be supported.

(b) It was proposed by Councillor Mullaney and seconded by Councillor Hulbert

“That this Council:

A) notes that payday lenders are trapping millions of people in spirals of debt.

B) believes that the Financial Conduct Authority (FCA)’s new proposals for regulating payday lenders are a step in the right direction, but do not go far enough.

C) further believes:

i. that the FCA’s proposals would not prevent payday lenders from drip-feeding new loans to people who already have payday debts and are struggling to pay them back

ii. that the FCA’s proposals would not prevent people from being hit with escalating penalty fees

iii. that the FCA’s proposals would not stop payday lenders from raiding people’s bank accounts without telling them.

D) welcomes that some of Britain’s biggest debt, consumer and anti-poverty organisations – including Which?, Citizens Advice, StepChange Debt Charity, Church Action on Poverty and the Centre for Responsible Credit – and MPs from every Party represented at Westminster have come together to support the **Charter to Stop the Payday Loan Rip-Off**.

E) resolves to:

- i. endorse the Charter to Stop the Payday Loan Rip-Off which calls on the FCA to introduce tougher regulation of payday lenders.
- ii. encourage residents of Hinckley & Bosworth to support the Charter by signing the online petition at <http://www.change.org/paydayloancharter>
- iii. promote and support the development of local credit unions, including the Clockwise Credit Union and more affordable lending.
- iv. work with partners on campaigns against increasing levels of personal debt.

F) agrees to send a copy of this motion to Martin Wheatley, Chief Executive of the Financial Conduct Authority and to all local Members of Parliament.”

Many members spoke in support of this motion and felt that more should be done nationally to stop this problem. It was unanimously

RESOLVED – the motion be supported and copies of the motion be sent to the Chief Executive of the Financial Conduct Authority and to MPs.

(The Meeting closed at 8.25 pm)

MAYOR

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

21 JANUARY 2014 AT 6.30 PM

PRESENT: MRS L HODGKINS - MAYOR
MR JG BANNISTER – DEPUTY MAYOR

Mr RG Allen, Mr PR Batty, Mr Bessant, Mr DC Bill MBE,
Mr CW Boothby, Mr SL Bray, Mrs R Camamile, Mr MB Cartwright,
Mrs T Chastney, Mr DS Cope, Mr WJ Crooks, Mr DM Gould,
Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert, Mr MR Lay, Mr KWP Lynch,
Mr R Mayne, Mr JS Moore, Mr MT Mullaney, Mr K Nichols,
Mr LJP O'Shea, Mrs H Smith, Mrs S Sprason, Mr BE Sutton,
Miss DM Taylor, Mr R Ward and Ms BM Witherford

Officers in attendance: Steve Atkinson, Adam Bottomley, Bill Cullen, Louisa Horton, Simon D Jones, Julie Kenny, David Kiernan, Sanjiv Kohli, Karen Mason, Rebecca Owen and Sally Smith

369 APOLOGIES

Apologies were submitted on behalf of Councillors Inman, Ladkin, Morrell & Richards.

370 DECLARATIONS OF INTEREST

No interests were declared at this stage.

371 HINCKLEY LEISURE CENTRE PROCUREMENT

Council was advised of the outcome of the procurement process in relation to the development of a new Leisure Centre facility for the Borough on the site of the former Council Offices adjacent to Argents Mead. Members were informed that the Scrutiny Commission, following a detailed debate, had supported the recommendations. A summary of the questions raised at Scrutiny Commission, and the answers given, was circulated to Members, to assist the debate and avoid unnecessary repetition. In response to the concern that the Scrutiny Commission had not been informed of the companies involved which were referred to in the report as 'Bidder A' and 'Bidder B', and as a clear recommendation had been made by the scrutiny Commission, it was acknowledged that it was now expedient to reveal that Bidder A was DC Leisure and Bidder B was SLM.

Attention was drawn to an amended recommendation 2.6 which had been circulated following further negotiations and cited the shortfall in the first year as £200,000, which had been reduced from the £360,000 estimated in the original version of the report. This had been achieved by the contractor foregoing part of its profit margin in year 1. It was stated that a profiling document would be issued to members when finalised.

During discussion, reference was made to the following:

- That instead of the historic cost to the authority or small income (currently) for running the current leisure centre, there would be a considerable income stream for 20 years;
- The apparent insufficient spectator seating to enable the pool to be suitable for hosting national ASA competitions (with the pool being suitable for local competitions and for training and club purposes);

- The need to keep pricing reasonable for users of the facilities – in response it was confirmed that the Council would retain (as now) a control over pricing;
- The cost of the office space and the need for it – in response to this, it was reported that office space was part of the management agreement;
- The importance of a newer, more environmentally friendly building;
- The hard work over several months in order to manage the procurement process;
- The vast amount of consultation that had been undertaken during the course of the procurement process;
- The employment of an Independent Consultant and expert in leisure provision to advise on the selection process;

In response to concerns regarding the report in the press about the pool being unsuitable for competitions, the Independent Consultant explained that there had been a number of aspects to consider in planning the new centre and the need for 250 spectator seats had to be weighed up against other facilities which would have been lost in exchange for this seating, particularly when national competitions with large numbers of spectators would be rare.

Councillor Batty, seconded by Councillor Bessant, MOVED that the item be deferred to receive further details on the implications of the revenue model and on the outcome of the most recent consultation exercise. Upon being put to the vote, the MOTION was LOST.

It was then moved by Councillor Bray and seconded by Councillor Lynch that the recommendations contained in the report be approved.

Councillor Bray and five other members requested that voting on this motion be recorded. The vote was taken as follows:

Councillors Bannister, Bill, Bray, Cartwright, Cope, Crooks, Gould, Mrs Hall, Mr Hall, Hodgkins, Hulbert, Lay, Lynch, Mayne, Moore, Mullaney, Nichols, Taylor and Witherford voted FOR the motion (19);

Councillors Allen, Batty, Bessant, Boothby, Camamile, Chastney, O'Shea, Smith, Sprason, Sutton and Ward abstained from voting.

The motion was declared CARRIED and it was therefore

RESOLVED –

- (i) the selection of Bidder A as the Council's Preferred Bidder, with Bidder B appointed as reserve bidder in case the contract with Bidder A cannot be finalised, be approved;
- (ii) the additional capital budget requirement of £1.35m to fund the enhanced facility at a total cost of £13.55million be approved;
- (iii) the Council's Authorised Borrowing limit by the amount of the increase of £1.355million to take the Authorised Limit in 2014/15 to £97.4million (including the HRA) be approved;
- (iv) the shortfall in revenue funding of £200,000 arising from the servicing of the borrowing prior to the opening of the new leisure centre be approved;
- (v) the program for delivery of the new Leisure Centre be approved;

- (vi) the oversight of the program of delivery up to the construction and opening of the new facility be delegated to the Project Team, in conjunction with Deputy Chief Executive (Community Direction) and Leader of the Council,
- (vii) the disposal of the existing leisure centre site upon transfer to the new facility be approved in accordance with the council's Disposal Strategy, with the capital receipt being assigned to fund the leisure centre scheme.

372 HINCKLEY AND BOSWORTH LOCAL PLAN (2006 - 2026): SITE ALLOCATIONS & DEVELOPMENT MANAGEMENT POLICIES DEVELOPMENT PLAN DOCUMENT - PRE-SUBMISSION DOCUMENT

Members considered a report which sought agreement to consult on the Site Allocations and Development Management Policies Development Plan Document (DPD) pre-submission version and supporting documents. Members welcomed the report and particularly the prospect that, following adoption, the Local Planning Authority would no longer be vulnerable to developers taking advantage of the lack of evidence that a five year land supply was in place.

A member asked that consideration be given to the Development Plan Document being brought back to Council after consultation, as had happened previously, before being submitted to the Secretary of State for Examination in Public. In response it was explained that, when the previous DPD had been referred back to Council, it had been at an earlier stage in the process, and that to do so again at this late stage would cause unnecessary delay.

A member reported that, in considering the application for development on the Big Pit, Leicestershire County Council Planning Committee had been informed that Hinckley & Bosworth Borough had a five year land supply. In response it was confirmed that, whilst this was true, it was repeatedly challenged by the Inspector at appeals resulting in inconsistent outcomes.

A member raised concerns about the Strategic Flood Risk Assessment being out of date, as it had been produced in 2007, since when new areas of flooding had emerged. In response it was stated that the Environment Agency was a statutory consultee on the DPD and would be expected to have commented on any flood risk, if they felt it was an issue.

It was moved by Councillor Bray, seconded by Councillor Bill, and unanimously

RESOLVED –

- (i) the publication of the pre-submission draft Site Allocations Development Management Policies DPD, Sustainability Appraisal and supporting documents be approved for consultation between 17 February 2014 and 31 March 2014 in accordance with the Town and Country Planning Regulations (Local Development) (England) 2004 (as amended);
- (ii) the submission of the Site Allocations and Development Management Policies DPD and supporting documents be approved for submission to the Secretary of State for Examination in Public following analysis of the representations received during the consultation period;

- (iii) the Statement of Consultation Responses to the Site Allocations and Generic Development Control Policies DPD Preferred Options February 2009 – April 2009 be approved.

373 BROADBAND

Members received a report which recommended funding to extend fibre broadband coverage within Hinckley & Bosworth through Leicestershire County Council's contract with BT.

Members felt that the project would result in an improvement for many residents throughout the borough and that it was a relatively small investment for a large increase in speed and coverage.

It was moved by Councillor Gould, seconded by Councillor Crooks and unanimously

RESOLVED –

- (i) the £40,000 capital budget for the rural Broadband scheme be approved;
- (ii) the virement of £37,350 from the Grants to the Home Improvement Agency scheme budget be approved;
- (iii) the supplementary budget of £3,470 from general fund contributions to fund the remainder of the project be approved;
- (iv) authority be delegated to the Chief Executive to sign the Collaboration Agreement between Hinckley & Bosworth Borough Council and Leicestershire County Council subject to agreement of the terms.

(The Meeting closed at 7.33 pm)

MAYOR

Agenda Item 9

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

21 NOVEMBER 2013 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman
Mr C Ladkin and Miss DM Taylor – Vice-Chairman

Mr PR Batty, Mr Bessant, Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert, Mr DW Inman, Mr JS Moore, Mr K Morrell and Mr K Nichols

Officers in attendance: Steve Atkinson, Bill Cullen, Louisa Horton, Rebecca Owen, Katherine Plummer, Caroline Roffey and Sharon Stacey

279 MINUTES

RESOLVED – the minutes of the meeting held on 10 October 2013 be confirmed as a correct record and signed by the Chairman.

280 DECLARATIONS OF INTEREST

No interests were declared at this stage.

281 PARKING ENFORCEMENT

In response to a request at a previous meeting, members received a report on parking enforcement. It was explained that whilst the County Council decided the time allocation of wardens to each area, this was based on where problems existed. A representative of the County Council who was present at the meeting for other items, stated that the majority of parking restrictions were respected but if there were specific problems they should be reported to his team. Members were asked to do so via the Democratic Services Officer in order to facilitate co-ordination.

Following queries about the structure and costs of the current arrangements, it was reported that there had been a cost reduction since the re-structure partly due to lower central recharges.

282 IDENTIFICATION OF PRIORITY RESERVES

It was reported that, in response to the request at the previous meeting, six priority reserves had been identified which were recommended for delegation to officers to transfer funds into these reserves. During discussion, the following points were raised:

- Concern regarding the seemingly low figure recommended for the appeals reserve;
- Concern regarding the figure earmarked for the Leisure Centre reserve;
- Whether waste management costs could be built into Section 106 agreement costs;
- Concern about further delegation of key issues to officers;
- Requirement for more information on figures in reserves, including the enforcement reserve.

It was reported that the Leisure Centre reserve would be used to cover time lag. As explained at the previous meeting, it was emphasised that delegating the transfer of funds to some reserves would ensure timely transfer rather than having to wait for a

Council meeting to make a decision. It was also stated that transfers made would be reported back to Council so members were aware of decisions made under delegated powers.

It was agreed that indicative financial figures would be put to each priority reserve on the list and reported to Council at the meeting on 3 December, as they would not be available before the agenda was circulated, and they would be included in the budget report to the Commission in January.

Councillor Mrs Hall left the meeting at 7.30pm.

283 LTP3

Ian Drummond, Assistant Director, Leicestershire County Council, attended to give a presentation on the LTP3. He explained that it was a transport strategy for local resilience and growth. He reported that following the positive work in Coalville and Loughborough, the County Council were now focussing on the urban area surrounding Hinckley which would include looking at the traffic restrictions on Regent Street, smart ticketing, real time information for bus services, investment in highway maintenance, co-ordination of roadworks and implementing new cycle ways and pedestrian routes.

It was reported that there was around £4-5m available for the project and that background information from 2011 onwards was available on the county council's website.

Mr Drummond agreed to circulate his presentation to Members via the democratic Services Officer.

The Scrutiny Commission asked that Mr Drummond attends again to update, and he agreed to do so in the summer of 2014.

Councillor Taylor left at 8.30pm.

284 RURAL BUS SERVICES

Ian Drummond gave a presentation on rural bus services and progress of a review underway, following concerns expressed by Members regarding the potential withdrawal of the high level of subsidy provided by the county council to support the number 7 bus service. Specifically it was noted that this particular service covered 44 miles and the net subsidy provided was £177,810 per annum. There was an average of 13 passengers per journey.

The Scrutiny Commission agreed to follow up on progress as the consultation progressed.

285 SUPPORT AND PROVISION FOR THE LGBT COMMUNITY WITHIN HINCKLEY AND BOSWORTH

The Scrutiny Commission was informed of the work being undertaken within the Borough in relation to supporting its lesbian, gay, bisexual and transgender (LGBT) community. Representatives of Next Generation were in attendance to talk about their work on the Proud Generation project and the challenges that were faced in the borough, particularly in comparison with larger cities. It was noted that Proud Generation was the first borough-wide LGBT advocacy and advice service in the area and provided valuable support.

Members generally felt that they hadn't previously been sufficiently aware of the subject and of the Proud Generation project and suggested cascading the information to all councillors in order to raise awareness in a cost effective way. Members were very supportive of the project and endorsed the hard work undertaken, mostly on a voluntary basis and

RECOMMENDED – all Councillors receive training and knowledge transfer in the area of support and provision for the LGBT Community.

286 HOUSING APPLICATIONS POLICY - MEDICAL ASSESSMENT

A report was presented in response to a request at the previous meeting when concern had been raised about the processes used in medical assessments undertaken for housing applicants who may have medical needs. It was reported that there were very few appeals against the medical category in which applicants were placed, but any appeals were referred to Now Medical.

Members expressed concern that the medical assessments provided were done over the telephone. Officers stated that where applicants believed they had an urgent need to move on medical grounds, applications were usually supported by medical letters. Officers advised that in determining medical need for rehousing, the suitability of the applicants' current accommodation in relation to their medical condition was assessed.

At this juncture, having reached 9.25pm, it was moved by Councillor Lay, seconded by Councillor Nichols and

RESOLVED – the meeting be allowed to continue until all business on the agenda had been transacted.

Returning to the agenda item, members asked how many housing applicants claimed medical circumstances. In response it was reported that there were currently 88 of 2200 on the waiting list in the medium category on medical grounds and none with a priority medical need as these were dealt with very quickly upon receipt.

Members agreed that further information on the robustness of the process be circulated to the Scrutiny Commission in advance of the next meeting.

287 SCRUTINY COMMISSION WORK PROGRAMME 2013-2015

It was noted that the planning appeals and developer contributions reports would be brought to the February meeting and that updates on the bus station development would be brought periodically. A report on the Hub, specifically the financial aspects, was requested.

(The Meeting closed at 9.35 pm)

CHAIRMAN

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

16 JANUARY 2014 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman
Miss DM Taylor – Vice-Chairman

Mr RG Allen (for Mr C Ladkin), Mr PR Batty, Mr Bessant, Mr PAS Hall, Mr MS Hulbert, Mr DW Inman, Mr JS Moore, Mr R Mayne (for Mrs WA Hall), Mr K Morrell and Mr K Nichols

Also in attendance: Councillor Ms BM Witherford

Officers in attendance: Steve Atkinson, Adam Bottomley, Jenny Brader, Bill Cullen, Louisa Horton, Simon D Jones, Julie Kenny, Andrew Killip, Sanjiv Kohli, Karen Mason, Tracy Miller, Rebecca Owen, Karen Pegg, Katherine Plummer, Sally Smith, Judith Sturley and Nic Thomas

350 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Mrs Hall and Councillor Ladkin, with the substitution of Councillor Mayne for Councillor Hall and Councillor Allen for Councillor Ladkin authorised in accordance with Council Procedure Rule 4.1.

351 MINUTES

On the motion of Councillor Nichols, seconded by Councillor Batty, it was

RESOLVED – the minutes of the meeting held on 21 November 2013 be confirmed and signed by the Chairman.

352 DECLARATIONS OF INTEREST

No interests were declared at this stage.

353 HINCKLEY LEISURE CENTRE PROCUREMENT

Members received a presentation regarding the proposals for a new Leisure Centre on Argents Mead. It was reported that final submissions had been received from two bidders, who for this purpose had been labelled 'bidder A' and 'bidder B' and whose names had been withheld to enable Members to objectively discuss the schemes in public session. The report and discussion thereon provided evidence to members of the strong record of both companies and the independent consultant had confirmed that both bids were of extremely high quality and either would be an excellent choice.

Some Members felt that the names of the companies should be provided in order to have an informed discussion, but upon voting to move into private session, the motion was LOST and the meeting continued in public.

Councillor Taylor entered the meeting at 7.25pm.

Members were pleased to see the proposals and supportive of using the site of the former council offices. During debate, the following points were discussed:

- Concern regarding car parking on site and in the vicinity. In response members were assured that there was more availability than at the current leisure centre;
- The hope that the town centre would see a higher footfall as a result of the leisure centre being closer to the town centre;
- The changing trends in playing squash, which had led to none of the companies interested in building and operating the leisure centre wishing to include squash courts and the resulting arrangement with Hinckley Squash Club, the intention of which was to increase the number and improve the quality of squash players in the area;
- Action to be taken in the event of underperformance by the contractor. In response it was noted that there would be a termination clause in place by way of protection;
- Protection should the operator go into liquidation. In response it was stated that the leisure centre building would remain in our ownership and HBBC would be able to operate it or appoint a new operator;
- The office space within the building, which would provide space for 16 workstations;
- The branding of the leisure centre and control of staffing. It was agreed that this would be discussed;
- The duration of the contract would be 20 years, but the repayment would be over 30 years;
- The contract had been drafted so that any delay in build would not result in slippage of payment;
- Detailed discussions about the operation of the centre would not take place until after the contract had been confirmed by Council.

A member proposed that Councillor Batty be added to the project team. Officers agreed to discuss this.

In response to a member's question about the matter coming back to Council, should further work with the preferred bidder not be satisfactory, it was explained that Council on 21 January would be resolving to appoint the other bidder as reserve.

It was moved, seconded and

RESOLVED –

- (i) the high quality of tender submissions be noted;
- (ii) the selection of Bidder A as the Council's preferred bidder be supported and RECOMMENDED to Council, with Bidder B appointed as reserve;
- (iii) the income stream, additional capital budget requirement, increase in the council's authorised borrowing limit and potential shortfall in revenue in the first year be noted;
- (iv) the programme for delivery of the new leisure centre be noted;
- (v) the arrangements for the project team be noted.

354 DRAFT 2014/15 GENERAL FUND BUDGET

The Scrutiny Commission received the draft 2014/15 General Fund budget ahead of submission to Council on 20 February 2014. It was emphasised that salary savings had been achieved by managing vacancies and not through loss of jobs.

Members acknowledged the work of officers and the favourable position in comparison with other authorities. However, it was noted that the situation in future years would be more difficult to sustain.

It was reported that the position regarding pensions had not improved and the revenue support grant was being eroded each year, with councils having to place a greater reliance on the New Homes Bonus, Council Tax and Business Rates retention and, potentially in the future, increasing fees and charges.

RESOLVED – the report and contents be noted and supported.

355 DRAFT HOUSING REVENUE ACCOUNT BUDGET

Members reviewed the key elements of the 2014/15 Housing Revenue Account budget ahead of submission to Council on 20 February 2014. It was noted that there was still uncertainty regarding the level of rent and some members expressed concern that to significantly increase the rent would again affect the most vulnerable residents. In contrast it was suggested also that the additional income from rent was needed in order to fund improvements and house building, in order to support a larger number of vulnerable residents and that a lower increase at this stage would compound the issue in the future.

In relation to the Schedule of Rates, it was reported that this was being reviewed and updated.

RESOLVED – the report and budget information contained therein be noted and supported.

356 CAPITAL PROGRAMME 2013/14 TO 2016/17

Members considered the draft Capital Programme for the years 2013/14 to 2016/17.

RESOLVED – the report be noted and supported.

357 THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES - SETTING OF PRUDENTIAL INDICATORS 2013/14 TO 2016/17 AND TREASURY MANAGEMENT STRATEGY 2014/15 TO 2016/17

The Commission received a report which outlined the Council's prudential indicators for 2013/14 to 2016/17 and set out the expected treasury operations. Discussion on the City Deals and the Growth Fund for Leicestershire ensued.

RESOLVED – the report be noted.

358 HINCKLEY & BOSWORTH LOCAL PLAN (2006 - 2026): SITE ALLOCATIONS AND DEVELOPMENT MANAGEMENT POLICIES DEVELOPMENT PLAN DOCUMENT - PRE-SUBMISSION DOCUMENT

Members received a report which sought support to consult on the Site Allocations and Development Management Policies Development Plan Document (DPD) pre-submission version, sustainability appraisal, consultation report and supporting documents and subsequent submission to the Secretary of State for Examination in Public. It was noted that the dates had been amended in a later version of report after the decision had been taken to consider the report at an Extraordinary meeting of Council in January instead of the scheduled February meeting.

It was explained that, once adopted, the document would help to resolve the five year land supply issue and would also help to prevent speculative applications. It would also help that settlement boundaries would have weight at appeal.

Councillor Taylor left the meeting at 9.09pm.

Some members referred to recent appeal decisions and the lack of Site Allocations DPD being part of the reason for losing those appeals. It was suggested that the localised figures for housing need in a settlement had no weight against the overall numbers needed and that until a DPD was in place this issue would continue. It was also acknowledged that the Government wanted the housing requirements to be met sooner rather than later during the period to 2026.

RESOLVED –

- (i) the pre-submission draft Site Allocations and Development Management Policies DPD, Sustainability Appraisal, consultation report and supporting documents be endorsed for consultation;
- (ii) the planned submission to the Secretary of State for Examination in Public be noted.

359 PLANNING & ENFORCEMENT APPEAL DECISIONS

The Scrutiny Commission received the regular update report on planning and enforcement appeal decisions that had been made contrary to the decision of the Local Planning Authority. It was reported that of the 16 appeal determinations made against the authority's decisions, three decisions had been in accordance with the officer's recommendation, nine had been member decisions against officer recommendation, three had been delegated decisions by officers and one had been an appeal against imposition of a condition.

Some members who sat on the Planning Committee felt that they were in a difficult position if they were determining an application in their ward which was controversial, which was further exacerbated when the officer recommendation was contrary to the view of residents. A Member suggested that a better process was required to improve understanding between members and officers generally and on specific applications.

With regard to the cost of appeals, it was clarified that all money in the budget was committed and there was still a possibility of more appeals being lodged before the end of the financial year.

It was requested that more detail be included in the figures on future reports.

RESOLVED –

- (i) the report be noted;
- (ii) consideration be given to the abovementioned issues regarding controversial applications by the new Chief Planning & Development Officer;
- (iii) future reports include more financial details.

360 EXTENSION OF MEETING

On the motion of Councillor Mayne, seconded by Councillor Nichols, it was

RESOLVED – the meeting be permitted to continue for a further ten minutes.

361 FINANCIAL CONTRIBUTIONS TOWARDS PLAY AND OPEN SPACE

Members were updated on the position regarding monies towards play and open space that had been received and spent via planning condition and Section 106 agreement or Unilateral Undertaking.

With regard to the development of 13 Hill Street, Barwell, it was noted that, whilst it had passed the five year claw back date, it was unlikely to be clawed back as the developer had gone into liquidation several years before. It was also noted that the developer for Montgomery Road, Earl Shilton, would not agree to an extension of the five year period for their contribution and had requested that the monies be returned. Members hoped that this could be avoided in future.

Officers explained that they were implementing a new system which would be used to monitor developer contributions and would also be accessed by parish councils, some of whom did not have the detailed knowledge or resources to monitor and claim the funding.

RESOLVED – the report be noted.

362 EXTENSION OF MEETING

On the motion of Councillor Lay, seconded by Councillor Nichols, it was

RESOLVED – the meeting be permitted to continue until all business on the agenda had been transacted.

363 BROADBAND CONTRIBUTION

The Commission received a report prior to decision by Council which considered investing in extending fibre broadband coverage with Hinckley & Bosworth. Members received some supplementary information which was commercially sensitive and therefore not in the public domain. It was moved by Councillor Nichols, seconded by Councillor Batty and

RESOLVED – in accordance with section 100A(4) of the Local Government Act 1972, the public be excluded from the following discussion on this item of business on the grounds that it involves the disclosure of exempt information as defined in paragraphs 3 and 10 of Part I of Schedule 12A of that Act.

Members then considered the supporting information in the exempt report which provided more localised figures. Following a very brief discussion on this, it was

RESOLVED – the public and press be readmitted to the meeting.

On the motion of Councillor Lay, seconded by Councillor Nichols, it was

RESOLVED – Council be RECOMMENDED to

- (i) approve the £40,000 capital budget for the rural Broadband Scheme;
- (ii) approve the virement of £37,350 from the grants to the Home Improvement Agency scheme budget;
- (iii) approve the supplementary budget of £3,470 to fund the remainder of the project from general fund contributions;
- (iv) delegate authority to the Chief Executive to sign the Collaboration Agreement between Hinckley & Bosworth Borough Council and Leicestershire County Council subject to agreement of the terms.

364 SCRUTINY COMMISSION WORK PROGRAMME 2013-2014

RESOLVED – the work programme be noted.

365 MINUTES OF FINANCE, AUDIT & PERFORMANCE COMMITTEE

The minutes of the Finance, Audit & Performance Committees on 16 September and 11 November 2013 were received for information.

(The Meeting closed at 9.46 pm)

CHAIRMAN

COUNCIL – 20 FEBRUARY 2013

**THE LOCAL AUTHORITIES (STANDING ORDERS) (ENGLAND)
(AMENDMENT) REGULATIONS 2014
REPORT OF THE MONITORING OFFICER**



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To inform members of the new Standing Orders Regulations which come into force on 25 February 2014, the resulting requirement to amend the Council's Constitution, and the Government's expectation that all authorities will take recorded votes at their budget meetings should they be held before the Regulations come into force and/or before the modifications have been made to their Standing Orders.

2. **RECOMMENDATION**

- 2.1 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 be noted;
- 2.2 The Council's Constitution be amended on the day following 25 February 2014 in accordance with the new legislative requirements;
- 2.3 The Government's expectation that recorded votes be taken at budget meetings in 2014 be noted.

3. **BACKGROUND TO THE REPORT**

- 3.1 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 were laid before Parliament on 31 January 2014 with a date agreed to come into force on 25 February 2014.
- 3.2 The amendments to the Standing Order Regulations relate to recording votes for budget meetings and require that the minutes of the proceedings include names of those voting for the decision, against the decision, or abstaining from voting, as per our current adopted recorded vote procedure outlined in the Constitution.
- 3.3 A 'budget decision meeting' is defined as an item where a calculation is made or precept issued.
- 3.4 The Regulations contain transitional arrangements which require authorities to amend their own standing orders as soon as reasonably practicable following the coming into force of the Regulations.
- 3.5 A letter dated 4 February 2014 from Brandon Lewis, MP (copy attached), lays the expectation upon those authorities whose budget meetings are scheduled to take place before 25 February that they will record the voting upon those budget decisions.

4. **FINANCIAL IMPLICATIONS [KP]**

The are no financial implications arising directly from the contents of this report.

5. **LEGAL IMPLICATIONS [MR]**

Contained within the body of the report.

6. **CORPORATE PLAN IMPLICATIONS**

This report supports all corporate aims by supporting good governance and ensuring compliance with regulations.

7. **CONSULTATION**

No consultation has been undertaken by the authority as adoption of the regulations is statutory.

8. **RISK IMPLICATIONS**

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Failure to amend the Constitution resulting in breach of legislation	Ensure timely decision to amend Constitution	Monitoring Officer

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

The recommendations in this report have no greater impact on any groups, parishes or communities than others as they relate to good governance and the implementation is a statutory requirement. The requirements to record votes at budget meetings will, however, lead to more open decision making and transparency for the residents and businesses of the borough.

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: None

Contact Officer: Rebecca Owen, Democratic Services Officer / Deputy Monitoring Officer, ext 5879

Executive Member: Councillor BM Witherford



Department for
Communities and
Local Government

Brandon Lewis MP
Parliamentary Under Secretary of State

**Department for Communities and Local
Government**

Eland House
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The Leader
Principal Councils in England

Tel: 0303 444 3430
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www.gov.uk/dclg

Dear Leader

04 February 2014

Recorded Votes at Budget Meetings

In the coming weeks, your council will be holding its annual budget meeting at which it will be formally taking decisions about its expenditure on local services and council tax levels for the year ahead. These discussions will affect the lives and household budgets of all who live in the council's area. Local people should be able to see how those they have elected to represent them have voted on these critical decisions.

Accordingly I am writing to you today to say that the Government's expectation is that at this year's budget meetings, all councils will adopt the practice of recorded votes – that is recording in the minutes of the meeting how each member present voted – on any decision relating to the budget or council tax. People will thus be able to see how their councillors voted, not only on the substantive budget motions agreeing the budget, setting council taxes or issuing precepts, but also on any amendments proposed at the meeting.

We are very clear that any serious commitment to transparency and democratic accountability, which I am confident we all share, demands nothing less in today's circumstances. I know that the practice of recorded votes is already being followed in a range of circumstances across councils. If local people are to continue to have confidence in their councils and their elected representatives, then the practice of recorded votes needs to be followed everywhere on this year's budget decisions.

To facilitate this, we have last week made 'The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014'. These Regulations make it mandatory for councils as soon as is practicable after the Regulations are in force, to amend their Standing Orders so as to include provisions requiring recorded votes at budget meetings.

I recognise that some councils may be holding budget meetings before they have formally amended their Standing Orders, but nothing prevents the council from simply resolving to holding a recorded vote, in line with the Regulations.

BRANDON LEWIS MP

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COUNCIL – 20TH FEBRUARY 2014

2014/2015 GENERAL FUND BUDGET
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

- 1.1 To seek approval of the 2014/2015 General Fund budget.
- 1.2 The General Fund revenue budget has been prepared taking into account the capital and 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 be approved:
- The General Fund service expenditure shown in Table 1
 - The Special Expenses area expenditure shown in Table 2
 - The total General Fund service expenditure for the Council shown in Table 3
 - The proposed movement of General Fund Reserves and balances show in sections 3.16-20
- 2.2 That Council note that a revised Medium Term Financial Strategy (MTFS) will be presented to Council on April 8th 2014

3. **BACKGROUND TO THE REPORT**

- 3.1 The General Fund revenue budget for 2014/15 has been drawn up in accordance with the principles set out in the approved Budget Strategy and in accordance with the Medium Term Financial Strategy (MTFS). The key objectives of the budget can be summarised as follows:-
- i) To align expenditure on services to the Council's Corporate Plan.
 - ii) To provide for reductions in grant funding for 2014/15 and future years
 - iii) To encourage identification of savings and income generation opportunities across the Council.
 - iv) To maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
 - v) To maintain an acceptable and viable level of balances in the Special Expenses Area.
 - vi) To keep the overall increase in average Band D Council Tax (including Special Expense Areas) to 0%.

Budget Summary

- 3.2 The original budget for 2013/2014, revised budget for 2013/2014 (based on November outturn) and the proposed budget for 2014/2015 are set out in Table 1 below.

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

	Original Estimate 2013/14 £	Revised Estimate 2013/14 £	Original Estimate 2014/15 £
Central Services	3,150,770	2,506,293	2,969,918
Leisure and Environment	6,649,840	6,585,537	6,600,531
Housing (General Fund)	1,326,246	1,852,051	986,276
Planning	1,438,555	1,859,014	1,857,450
Direct Service Organisations	-10,300	2,899	-115,500
Corporate Savings	0		0
Further Savings in Year	0	-439,263	0
Total service expenditure	12,555,111	12,366,531	12,298,675
<i>Less:</i>			
<i>Special Expenses Area</i>	<i>-614,430</i>	<i>-624,723</i>	<i>-616,940</i>
<i>Capital Accounting Adjustment</i>	<i>-1,996,100</i>	<i>-1,996,100</i>	<i>-1,473,822</i>
<i>Net external interest (received)/paid</i>	<i>134,240</i>	<i>127,240</i>	<i>2,490</i>
<i>IAS19 Adjustment</i>	<i>-141,350</i>	<i>-141,350</i>	<i>-131,880</i>
<i>Revenue Contributions to Capital</i>	<i>0</i>	<i>118,800</i>	<i>0</i>
<i>Carry forwards</i>	<i>0</i>	<i>-139,439</i>	<i>0</i>
<i>Transfer to reserves</i>	<i>396,840</i>	<i>2,474,056</i>	<i>280,500</i>
<i>Transfer from reserves</i>	<i>-267,362</i>	<i>-1,300,178</i>	<i>-452,730</i>
<i>Transfer from unapplied grants</i>	<i>0</i>	<i>-620,568</i>	<i>0</i>
<i>Transfer to/(from) pensions reserves</i>	<i>115,510</i>	<i>115,510</i>	<i>25,260</i>
<i>Transfer to/(from) balances</i>	<i>-166,199</i>	<i>-363,519</i>	<i>-200,089</i>
HBBC Budget Requirement	10,016,260	10,016,260	9,731,464

Special Expense Area

- 3.3 This represents the cost of parks, cemeteries and poop scoop schemes in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals of Table 1 and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.4 The proposed budgets for the Special Expenses area have been compiled in accordance with the approved Budget Strategy and the overall objective of freezing Council Tax. A separate report was presented to the Hinckley Area Committee on 22nd January 2014 detailing the recommendations contained in this report.

Table 2 - Special Expenses Budget

	Original Estimate 2013/14 £	Revised Estimate 2013/14 £	Original Estimate 2014/15 £
Expenditure	614,430	624,723	616,940
<i>Transfer to/(from) balances</i>	0	-136,000	9,000
<i>Transfer to/(from) reserves</i>	31,804	157,511	64,044
Net Expenditure	646,234	646,234	689,984
<i>New Homes Bonus</i>	-92,223	-92,223	-127,343
Budget Requirement	554,011	554,011	562,641

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

	£
Balance at 1 st April 2013	183,000
Transfer to/(from) Balances 2013/14	-136,000
Estimated Balance at 31 st March 2014	<u>47,000</u>
Transfer to/(from) Balances 2014/15	9,000
Estimated Balance at 31 March 2015	<u>56,000</u>

3.6 It should be noted that the transfer from balances in 2013/14 was due to a transfer to reserves approved by Council in September 2013. This has therefore not reduced the net resources available to the SEA.

Total Council Budget for 2014/15

3.7 The total overall draft budget for 2014/15 in the direct control of the Council is therefore:

Table 3 - Total Council Budget 2014/15

	Original Estimate 2013/14 £	Revised Estimate 2013/14 £	Original Estimate 2014/15 £
HBBC Budget Requirement (Table 1)	10,016,260	10,016,260	9,731,464
Special Expenses Budget Requirement (Table 2)	554,011	554,011	562,641
Total Council Controlled Budget Requirement	10,570,271	10,570,271	10,294,104

Revised Original Budget 2013/14

3.8 As part of setting the budget for 2014/15, a formal revised budget for 2013/14 has not been prepared. The original budget for 2013/14 has, in accordance with the Council's

Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Table 1 however identifies that additional saving of £439,263 (net) have been identified to November 2013. The key movements have been detailed below:

	Saving/ (Over Spend) £
Additional legal costs forecast to be recovered in (Revenues and Benefits and corporately) following changes in recovery methodology	74,000
Reduced levels of income forecast in Grounds Maintenance due to staff sickness and agency costs	-26,000
Reduction in benefit subsidy income forecast based on in year processing. (NOTE this amount fluctuates in year)	-39,000
Recycling savings forecast following a detailed service review. These include fuel savings of £25,000, £15,000 reduction in agency spend, £16,000 savings in disposal and collection fees and £15,000 savings on recycling improvements due to cancellation of new service initiatives.	87,500
Refuse fuel savings	16,000
Street cleansing - £30,000 increase in income from work performed on void properties and £18,000 savings on fuel and vehicle costs	48,000
Additional income from waste business improvements	12,000
Additional building control income	16,000
Surplus car parking income from pay and display and season tickets	40,000
Reduced levels of development control income	-13,000
Increased levels of rental payments	11,000
Reductions in asset management charges on the Leisure centre	22,000
Loss in rental income from Florence House following closure	-22,000
Additional costs for Middlefield Lane depot due to delays in demolition	-14,000
Additional shared services income for ICT provision	22,000
Savings in postage costs following move to the Hub	10,000
Salary Savings	164,000
Other minor savings (cumulative)	30,500
	439,000

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

Original Budget 2014/15 – assumptions and process

- 3.9 The 2014/15 General Fund revenue budget has been prepared following a robust budget process outlined in the 2014/15 Budget Strategy (the Strategy).
- 3.10 The budget has been created with clear links to the Councils strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.11 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood around 3% in year, the application of 0% represents an effective

saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.

- 3.12 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2014/15 estimates include a 1% increase for all employees to reflect anticipated pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (£451,687 – General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate has been increased from 4% used in 2013/2014.
- 3.13 Service Growths totaling £288,396 endorsed by the Strategic Leadership Board have been included in the draft budget. Of this amount:
- £25,100 relate to changes required to support welfare reform
 - £57,400 have been included to reflect the cost of new Government requirements including the revised Local Plan
 - £76,016 reflect reductions in grant funding
- 3.14 In comparison, service managers and the Corporate Operations Board (COB) have identified £324,400 savings through review of income streams and expenditure levels. A further £96,000 has been identified through rationalisation and removal of “corporate” budgets such as subsistence, travel and printing. The base budget has therefore been reduced by this value for all future years.
- 3.15 The Leicestershire Pension Fund was re-valued as at 31 March 2013 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An employers contribution rate of 19.5% (an increase of 1% from previous year) has been included for 2014/15 with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider.

Original Budget 2014/15 – key issues and considerations

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

Current Financial Position including Working Balances/Level of Reserves

- 3.17 The Council has the following policies relating to levels of balances and reserves:
- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council’s budget requirement. Based on the forecast position for 2013/14 this would determine a need for £1,001,626 of General Fund balances and £973,146 based on the 2014/15 budget. 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 notional profit/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

- 3.18 The projected movement of the General Fund Balances is detailed below and indicates that sufficient balances are forecast as at 31st March 2015. It should be noted that the transfer from balances for 2013/14 includes £704,000 of excess balances that were moved to reserves (General Fund and Special Expenses) and does not represent over spends.

Table 4

	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2013	1,767	1,584	183
Amount Taken to /(from) Balances 2013/14	-500	-364	-136
Balances at 31 March 2014	1,267	1,220	47
Amount Taken to/(from)Balances 2014/15	-191	-200	9
Balances at 31 March 2015	1,076	1,020	56
Net Budget Requirement	10,294	9,731	563
Minimum Balance requirement	1,029	973	56
Balance surplus /(requirement)	47	47	0

- 3.19 Appendix A provides a summary of earmarked General Fund reserves together with estimated movements during 2013/14 and 2014/15. Based on these calculations, it is estimated that the Council will hold £6,132,627 in earmarked reserves as at 31st March 2014 and £3,281,441 at 31st March 2015. 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. A full review of the earmarked reserves position will be performed in April 2013 as part of the outturn reporting process. Significant **revenue** uses of reserves are detailed below. Use of reserves for capital purposes are detailed in the Capital Programme:

Reserve	Transfer from £'000	Use
2013/14		
Planning and Delivery Grant	45	Legal fees for Barwell SUE
Land Charges	45	Planning costs associated with Sketchely Brook and Good Friday
Local Plan	221	Cost of documents required for the Local Plan (including carry forwards)
Communication and Feasibility	41	Release to offset additional interest and MRP costs
Hub Future Rental	85	To offset any loss in rental income incurred as a result of delays in tenancies commencing at the Hinckley Hub
Troubled Families	30	Annual contribution towards the Leicestershire Troubled Families scheme
2014/15		
Local Plan	376	Cost of documents required for the Local Plan
Troubled Families	30	Annual contribution towards the Leicestershire Troubled Families scheme

3.20 In addition to this the following transfers have been proposed to reserves in 2014/15

Reserve	Transfer to £'000	Use
Waste management	26	This reserve is used to ensure that sufficient funding is available to fund a new waste round once the SUE schemes are developed. This transfer relates to the re-investment of savings identified in this service area in 2013/14
Enforcement	34	Currently enforcement budgets are held for small amounts within individual cost centres. These are frequently under spent though occasionally large calls are made to carry out significant enforcement work. It is therefore proposed to remove individual enforcement budgets and create a corporate reserve that can be called upon should significant cases arise.
Local Plan	152	Following the changes announced by Government in relation to the Council's Local Plan requirements, further funding will be required to fund production of the required documents in the medium term. The Council's current Local Plan Reserve will be depleted by the 2014/2015 and therefore it is recommended that further contributions are made to fund these requirements going forward
Elections	25	Ongoing contribution to fund the cost of the forthcoming local election
Pensions	28	Following the deferral of pensions "opt in" for the Council to 2017, the cost of the additional pension contributions under this scheme have been placed in a reserve to plan for when the costs arise. This is in addition to the required transfer under accounting standards which is presented separately on the face of the budget.
City Deals	17	The cost associated with participation in the Coventry and Warwickshire City Deal

Local Government Finance Settlement

3.21 The Council's budgets are highly sensitive to changes in the finance settlement and the ongoing impact of the 2010 Spending Review. The funding for this Council announced in the 2014/2015 settlement, along with additional elements of financing is detailed below:

	2013/2014 £	2014/2015 £	Mvt £	Mvt %
Revenue Support Grant	2,992,354	1,949,297	-1,043,057	-29.49%
Council Tax Support Grant	544,764	544,764		
NNDR	1,990,732	2,251,383	260,651	13.09%
2% Rates Cap Grant	0	24,570	24,570	New
Council Tax Freeze Grant 2011/12	104,914	104,445	-469	-0.45%
Council Tax Freeze Grant 2013/2014	42,597	42,281	-316	-0.74%
Core funding	5,675,361	4,916,740	-758,621	-13.37%
Council Tax Freeze Grant 2014/2015	0	42,513	42,513	New
New Homes Bonus (inc adjust)	1,042,501	1,401,891	359,390	34.47%
Collection Fund Surplus	2,066	38,416	36,350	1759.44%
Council Tax	3,296,332	3,331,904	35,572	1.08%
Total Financing	10,016,260	9,731,464	-284,796	-2.84%

3.22 The following points should be noted:

- The reduction in core funding for the Council is 13.37%. The Councils Medium Term Financial Strategy included projects of £4,898,329 for the forthcoming year and therefore this outcome has been adequately planned for.
- For 2014/2015, the Council Tax Freeze grant for previous years has been rolled into the core funding allocation. The 2014/2015 freeze grant has been separately announced (see section 3.35 onwards) and will be rolled into the core funding for 2015/2016. This amount and eligibility will be confirmed following approval of the Council Tax for 2014/2015
- The settlement for 2014/2015 does not separately identify the Council Tax Support Grant. However, the consultation on the document advised Authorities to assume that a similar level had been included for this purpose. Of the £544,764 allocated through Council Tax Support Grant, £143,000 will be allocated to parish councils as in 2013/2014. This is not a mandatory requirement and many Councils have passported any element of the grant in either years.
- Following the draft settlement, the Council has been awarded around £8,000 in “New Homes Bonus Adjustment” funding. This represents the element of funding that has been removed from the Business Rates retention process and therefore has been “refunded” through New Homes Bonus. This allocation is for one year only
- At an overall financing level, the Council’s funding is moderately comparable to prior year. This position has been achieved in part by the level of New Homes Bonus allocated in year. 25% of this core funding will be transferred to parish councils

Business Rates Pooling

3.23 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. Of the total income forecast, 50% is paid to central government. The remaining 50% (locally retained share) is shared between the Borough and preceptors.

3.24 The retained business rates of this Council are subject to a tariff set out in the 2014/2015 Local Government Finance Settlement. Any growth over the set baseline is subject to a “levy” payment which is paid using the same proportions indicated above. The settlement announced that a safety net threshold for all Councils of 7.5%.

On this basis, this Council would need to lose £173,586 of Business Rates before a safety net payment will be made.

- 3.25 The NNDR1 form for this Council has been approved, as delegated by the Deputy Chief Executive (Corporate Direction). Based on the submitted estimates, the Council will retain £2,744,822 Business Rates compared to the set baseline of £ 2,314,477. This growth (£430,435), if realized will be subject to the required levy, meaning that 50% may be retained by the Council.
- 3.26 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. Due to the volatility of the economy and continual changes in guidance in this area, no growth has been included in the budget for 2014/2015.
- 3.27 The Local Government Finance Bill allows local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments on growth are made into a local pool rather than paid to Central Government. Correspondingly, losses will be funded from the pool. Under pooling, these net thresholds are set at a pool level (i.e. the total of all individual thresholds)
- 3.28 In 2013/2104, ten Leicestershire local authorities including all the District and Borough Councils, the City and County and Fire Authority participated in a Leicester and Leicestershire business rates pool. Based on current forecasts for business rates and uncertainties around appeal results, the pool has been disbanded for 2014/2015. Any levy payments due will therefore be paid directly to Central Government. This will be revisited for 2015/2016.

Implementation of a Local Council Tax Scheme (LCTS)

- 3.29 From 2013/14, Council Tax Benefit for non pensioners was removed and instead, all individuals were required to pay an element of council tax based on an agreed local scheme. From a budget perspective this resulted in the removal of council tax subsidy and also Council Tax Benefit payments from the Collection Fund.
- 3.30 From a financing point of view, the introduction of the LCTS had the result of reducing the council tax base for the Council as income is only received for a proportion of those properties previously in receipt of Council Tax Benefit. The council tax base for this Council for 2013/14 was impacted by -3,532.7 and Council Tax of £318,617 as a result of the introduction of a 8.5% capped scheme. For 2014/2015, this Council has agreed to increase this cap to 12%, meaning that individuals will be required to pay 3.5% more then in previous year. The impact of this (along with other changes relating to new homes) has meant that the proposed council tax base for this Council has increased by 1,367 Band D equivalents which in turn will generate £35,572 of council tax income.

New Homes Bonus

- 3.31 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing. The first awards were made in April 2011. For each additional new home built local authorities will receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use.
- 3.32 Based on the number of new properties brought into council tax from October 2012 to October 2013 this Council has been allocated £1,394,105 in New Homes Bonus for 2014/2015. This includes the element of funding from previous allocations. As

agreed in December 2011, 25% of this funding (£348,526) will be pass ported to parishes and have been reflected in service expenditure in the 2014/2015 budget. An additional amount of New Homes Bonus adjustment has also been received as discussed in 3.22.

- 3.33 It should be noted that there continues to be considerable uncertainty over New Homes Bonus. Whilst the government has withdrawn proposals to “top slice” elements of the funding from 2015/2016, alternative methods of allocation have not been ruled out. Withdrawal of any element of New Homes Bonus is a considerable risk to this Council and will be planned for in the next iteration of the MTFS.

Income Reductions and Increases

- 3.34 A significant proportion of the Council’s overall income comes from fees and charges levied on particular services provided by the Council. In the current climate, levels of income are extremely volatile and a number of movements have been taken into account in the 2014/2015 budget. These include:

- Development control income has been forecast at similar levels as previous year. The actual income for 2013/2014 has increased due to a number of large applications, however no such activity is currently forecast for 2014/2015 and therefore income has been prudently budgeted for.
- An increased in overpayments income within Revenues and Benefits of £44,000 to reflect improved recovery seen in 2013/2014
- £13,750 additional ICT income from extension of the contract to additional partners
- £31,500 additional income for Street Cleansing for work that will be performed for housing colleagues
- Recycling sales and credits have been budgeted at a comparable level pending the outcomes of decisions from the County Council on funding arrangements
- The 2014/2015 Car Parking budgets take income account the loss of income from Brunel Road car park
- Market income has been adversely affected in 2013/2014 due to a decrease in street sellers and adverse weather conditions. The 2014/2015 budget reflects a reduction in expenditure to manage this downturn

- 3.35 Members will recall that from 2015/2016, the Council will also be in receipt of Management Fees from the provider of the new leisure centre. These income streams (before financing costs) are forecast for the first five years of the contract as follows:

	Management fee
	£
2015/2016	216,212
2016/2017	816,150
2017/2018	971,750
2018/2019	972,090
2019/2020	973,603

- 3.36 The 2014/2015 budget should be read in conjunction with the Council’s Fees and Charges book for 2014/2015 which is be presented to Executive in January 2014. This document reflects the annual review of all Council income streams and any variations in charging regimes.

Economic Outlook

- 3.37 In recent years the country has faced unprecedented levels of public sector borrowing which had reached a peak of 11.0% of Gross Domestic Product (GDP) in 2009/10. The Government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.38 The Base Rate is currently 0.5% and has been at this historically lower level since March 2009. This level has been assumed in the 2014/2015 budget to ensure that a prudent level of investment income is assumed. Net interest costs for the Council have been estimated at £2,490 and are based on a detailed cash flow and borrowing forecast which includes income that will be received for the loan to Tin Hat Partnership in year.

Major Projects

- 3.39 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including:
- The Hinckley Bus Station Redevelopment - "The Crescent"
 - Build of the new Hinckley Leisure Centre
 - Capital works associated with the Regional Growth Fund

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

Council Tax

- 3.40 One of the directions of the Comprehensive Spending Review (CSR10) published in October 2010 was that Council's should seek to set a zero increase in council tax where possible for the years of the spending review. In 2013/2014, the Government announced a 1% Council Tax Freeze Grant for those Councils who achieve this objective. This is in addition to the previous 2.5% grants offered in previous years.
- 3.41 For 2014/2015 the Council has announced a 1% Council Tax Freeze Grant for eligible Council's. This equates to a grant of £42,513 for this Council and will be confirmed following approval of Council Tax levels at this meeting.
- 3.42 In order to curb excessive increases in council tax, the Secretary of State for Communities and Local Government has announced that for 2014/2015 Councils setting council tax increases of over 2% would need to carry out a referendum. The estimated cost of carrying out a referendum for this Borough would be between £110,000 and £120,000. On this basis an increase of Council Tax of at least 3.3% would be required to cover these costs.
- 3.43 That said, the impact of not introducing any Council Tax increase since 2009/10 has meant an erosion of the basis and reduction of around £600,000 in spending power in real terms.

Medium Term Financial Strategy

- 3.41 This Council's Medium Term Financial Strategy (MTFS) for 2013/2014 onwards was approved by Council in July 2013. Given the significant changes in Local Government Financing and locally for the Council since this time, a revised document will be produced and reported to Council on April 8th 2014

4. FINANCIAL IMPLICATIONS [KP]

As contained in the report

5. **LEGAL IMPLICATIONS [AB]**

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. This report meets that obligation.

6. **CORPORATE PLAN IMPLICATIONS**

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

7. **CONSULTATION**

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August/September 2013.

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

8. **RISK IMPLICATIONS**

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

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

The following significant risks associated with this report / 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	S. Kohli

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

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

10. **CORPORATE IMPLICATIONS**

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

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

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Executive Member : Councilor K.W.P. Lynch

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Appendix A - Movement in Reserves

	Opening balance - 1st April 2013	Transfers (to)/from reserves - Annual Review	Transfer from balances - Annual Review	Supplementary Budgets 2013/14 - Revenue	Additional transfers to reserves	Supplementary Estimates 2013/14 - Capital	Items in 2013/14 Original Budget - Revenue	Final Capital Programme forecast	Items in 2013/14 Original Budget	Revenue Carry Forwards	Revised Balance - 31st March 2014	Transfer to reserves 2014/2015	Revenue spend 2014/2015	Capital spend 2014/2015	Forecast Balance 31st March 2015
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Commutation and Feasibility	-168,114						41,340				-126,774				-126,774
Benefits Reserve	-479,370	265,000		9,000			90,000		-50,898		-256,268		11,000		-245,268
Local Plan	-479,631	14,000		20,000						131,760	-237,871		375,500		-14,371
Historic Buildings	-14,000										0				0
Land Charges	-263,851			45,000					-84,650		-218,851				-218,851
Pensions Contributions	-48,761										-133,411				-161,411
Building Control	-133,512	133,512									0				0
Waste Management Reserve	-316,765					123,500		15,000			-178,265		9,000	26,000	-168,765
ICT Reserve	-212,500					1,650					-210,850			57,000	-153,850
Project Management/Masterplan	-333,000	130,000									-203,000				-203,000
Shared Services Reserve	-74,000	74,000								22,840	-61,543		10,940		-50,603
Housing & Planning Delivery Grant	-129,383			45,000							0				0
Flexible Working	-15,000	15,000									0				0
New Performance Improvement Set	-7,600	7,600									0				0
Housing Energy Certificate Training	-10,500	10,500									-13,000				-13,000
Finance Capacity Fund	-20,103	20,103									-87,000				-112,000
Workforce Strategy	-13,000										-58,295				-58,295
Elections	-87,000										0				0
Grounds Maintenance Machinery Replacement	-58,295										0				0
Transformation	-50,000					23,600					-26,400				-26,400
Relocation Reserve	-337,549					179,450		215,318			-102,781				-102,781
Customer Services	0						10,000		-11,022		0				0
Market Income Management	0						11,022		-15,000		-15,000				-15,000
Car Parking Income	0								-25,000		-25,000				-25,000
Modern Gov Reserve	-2,500	2,500									0				0
Greenfields Reserve	-19,000	19,000									0				0
Special Expenses	-150,883			8,000	-29,511						-308,394			50,000	-322,438
Carry Forwards	-139,439										-139,439				-139,439
Hub Future Rental Management	-250,000				-750,000		85,000	50,000	-60,270		-170,270				-915,000
Business Rates Pooling	-110,000								-150,000		-2,610,216			2,610,000	-170,270
Leisure Centre	-1,353,000	-759,216									0				-216
Community Safety	-3,000	3,000									-30,000		30,000		0
Troubled Families	-60,000										-5,000				-5,000
Hinckley Club for Young People	-40,000	40,000									0		16,290		0
Development Control	-40,000										0				0
City Deals	0										0				0
Enforcement	0										0				-33,710
	-5,409,756	0	-704,000	127,000	-779,511	328,200	267,362	280,318	-396,840	154,600	-6,132,627	-344,544	452,730	2,743,000	-3,281,441

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COUNCIL – 20TH FEBRUARY 2014

CALCULATION OF COUNCIL TAX FOR 2014/15
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1 **PURPOSE OF REPORT**

To obtain approval of Council Tax for 2014/2015.

2 **RECOMMENDATIONS**

That the following be approved in accordance with the Local Government Finance Act (2012) for 2014/2015:

- A Council budget requirement excluding Special Expenses and Parish Councils of £9,731,464.
- A Council's budget requirement including Special Expenses of £10,294,105.
- A total net budget requirement including Special Expenses and Parish Councils of £11,748,232.
- A contribution from Revenue Support Grant (including the element indicated for Local Council Tax Support) and Non Domestic Rates (indicated by the NNDR Baseline) of £4,745,444.
- A forecast transfer of £38,416 surplus from the Collection Fund to the General Fund.
- A Band D Council Tax for Borough wide services, excluding Special Expenses and Parish Council precepts, of £95.96 (the same level as the previous 4 years)
- A Band D Council Tax for Borough wide services and an average of Special Expenses Services of £112.16
- An average Band D Council Tax relating to Borough wide services and an average of Special Expenses and Parish Council services of £154.04
- The total Council Tax, including amounts for the County Council, Police and Crime Commissioner, and Fire and Rescue Service and for each area and valuation band as detailed in Appendix A.

3 **BACKGROUND TO REPORT**

Background

- 3.1 The General Fund Revenue Budget for 2014/15 has been drawn up in accordance with the principles set out in the Budget Strategy (the Strategy) agreed by Executive and endorsed by the Finance, Audit and Performance Select Committee and in accordance with the Medium Term Financial Strategy. The key objectives of the Strategy are summarised in the General Fund revenue Budget 2014/15 presented alongside this report.
- 3.2 The Council Tax Base for 2014/2015 is 34,721.9 and was approved as delegated by the Deputy Chief Executive (Corporate Direction) on 15th January 2014.
- 3.3 In addition to the Borough wide element, the Borough Council, as billing authority, has to collect Council Tax on behalf of the County Council, The Office of the

Police and Crime Commissioner, the Fire and Rescue Service, Parish Councils and the Special Expenses Area. These other bodies issue precepts to the Borough Council specifying the amounts to be collected. These amounts are then paid over during the year in accordance with statutory timescales.

- 3.4 The full “Budget Book” detailing further details on all Council budgets is available for members in the Members’ room. Members are requested to raise any specific questions directly with the Deputy Chief Executive (Corporate Direction), Head of Finance, or the relevant service manager.

Council Tax 2014/2015

- 3.5 The approved budgets for this Council result in an average increase in Council Tax both excluding and including the Special Expenses area of Hinckley, of 0%. This ensures this Council is eligible for receipt of a Council Tax Freeze Grant for 2014/2015 equivalent to 1% (£42,513)

- 3.6 At the time of writing this report, formal ratification of the Council Tax and precept for Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire and Leicestershire Fire and Rescue Service was pending. The figures in this report have therefore been based on proposed levels. Any change following formal ratification will be tabled at this meeting.

- 3.7 The proposed levels of increases for each of the precepting bodies are as follows:

- Leicestershire County Council - 0% increase
- The Office of the Police and Crime Commissioner for Leicestershire - 0%
- Leicestershire Fire and Rescue Service – 1.99%

- 3.8 Based on these levels the resulting Council Tax amount for each valuation band is as follows:

Valuation Band	A	B	C	D	E	F	G	H
	£							
Leicestershire County Council	708.67	826.78	944.89	1,063.00	1,299.22	1,535.44	1,771.66	2,126.00
The Office of the Police and Crime Commissioner for Leicestershire	115.92	135.24	154.56	173.88	212.52	251.16	289.80	374.76
Leicestershire Fire and Rescue Service	39.69	46.31	52.92	59.54	72.77	86.00	99.23	119.08

- 3.9 The 2014/15 Council Tax relating to the Hinckley Special Expense Area items of expenditure for Band D is £58.63, an increase of 0% over 2013/14.

- 3.10 The average 2014/15 Council Tax relating to Parish Council items of expenditure, including Special Expenses, for Band D is £58.08, an increase of 0.76% over 2013/14.

- 3.11 The average total amount of Council Tax due at Band D will be £1,450.46 for 2014/15, an increase of 0.1% over 2013/14. The actual percentage increase for each taxpayer will vary depending on the area in which they live.

3.12 In summary, the average band D Council Tax is made up as follows:

	2014/15	2013/14	Increase
	Council Tax	Council Tax	
Leicestershire County Council	£1,063.00	£1,063.00	0%
Leicestershire Fire and Rescue Service	£59.54	£58.38	1.99%
The Office of the Police and Crime Commissioner for Leicestershire	£173.88	£173.88	0%
Hinckley & Bosworth Borough Council Including Special Expenses	£112.16	£112.09	0%
Parish Councils	£41.88	£41.52	0.9%
Total Council Tax	£1,450.46	£1,448.87	0.1%

5 FINANCIAL IMPLICATIONS (KP)

The Council Tax amounts above, when applied to the approved Council Tax Base, will provide sufficient income to meet the estimated Borough wide and Special Expenses area spending and Parish, County, Police and Fire precepts.

6 LEGAL IMPLICATIONS (LH)

These are contained within the body of the report.

7 CORPORATE PLAN IMPLICATIONS

Council Tax levels will have an indirect impact on all Corporate Plan targets

8 CONSULTATION

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August 2013.

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

9 RISK IMPLICATIONS

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

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

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>	S. Kohli

10 KNOWING YOUR COMMUNITY – EQUALITY & RURAL IMPLICATIONS

Precepts for parishes will fund expenditure on their services. Rural communities also benefit from services provided by other precepting authorities.

11 CORPORATE IMPLICATIONS

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

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management implications
- Human Resources Implications

Background Papers: DCLG notification of contributions.
Notification of precepts

Contact Officer: Katherine Plummer Head of Finance ext 5609

Executive Member Cllr. K.W.P. Lynch

APPENDIX A

COUNCIL TAX 2014/15

VALUATION BAND PROPORTION OF BAND D	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
	£p	£p	£p	£p	£p	£p	£p	£p
Parish								
HINCKLEY	967.34	1,128.56	1,289.79	1,451.01	1,773.46	2,095.90	2,418.35	2,902.02
BAGWORTH	993.95	1,159.60	1,325.26	1,490.92	1,822.24	2,153.55	2,484.87	2,981.84
BARLESTONE	970.39	1,132.13	1,293.86	1,455.59	1,779.05	2,102.52	2,425.98	2,911.18
BARWELL	972.54	1,134.63	1,296.72	1,458.81	1,782.99	2,107.17	2,431.35	2,917.62
BURBAGE	964.65	1,125.43	1,286.20	1,446.98	1,768.53	2,090.08	2,411.63	2,893.96
CADEBY	948.53	1,106.62	1,264.71	1,422.80	1,738.98	2,055.16	2,371.33	2,845.60
CARLTON	952.08	1,110.76	1,269.44	1,428.12	1,745.48	2,062.84	2,380.20	2,856.24
DESFORD	969.45	1,131.03	1,292.60	1,454.18	1,777.33	2,100.48	2,423.63	2,908.36
EARL SHILTON	970.55	1,132.31	1,294.07	1,455.83	1,779.35	2,102.87	2,426.38	2,911.66
GROBY	968.80	1,130.27	1,291.73	1,453.20	1,776.13	2,099.07	2,422.00	2,906.40
HIGHAM	955.23	1,114.44	1,273.64	1,432.85	1,751.26	2,069.67	2,388.08	2,865.70
MARKET BOSWORTH	960.52	1,120.61	1,280.69	1,440.78	1,760.95	2,081.13	2,401.30	2,881.56
MARKFIELD	970.09	1,131.78	1,293.46	1,455.14	1,778.50	2,101.87	2,425.23	2,910.28
NAILSTONE	955.91	1,115.23	1,274.55	1,433.87	1,752.51	2,071.15	2,389.78	2,867.74
NEWBOLD VERDON	965.13	1,125.98	1,286.84	1,447.69	1,769.40	2,091.11	2,412.82	2,895.38
OSBASTON	949.02	1,107.19	1,265.36	1,423.53	1,739.87	2,056.21	2,372.55	2,847.06
PECKLETON	959.31	1,119.20	1,279.08	1,438.97	1,758.74	2,078.51	2,398.28	2,877.94
RATBY	969.11	1,130.63	1,292.15	1,453.67	1,776.71	2,099.75	2,422.78	2,907.34
SHACKERSTONE	955.66	1,114.94	1,274.21	1,433.49	1,752.04	2,070.60	2,389.15	2,866.98
SHEEPY	955.35	1,114.57	1,273.80	1,433.02	1,751.47	2,069.92	2,388.37	2,866.04
STANTON-U-BARDON	961.15	1,121.34	1,281.53	1,441.72	1,762.10	2,082.48	2,402.87	2,883.44
STOKE GOLDING	956.48	1,115.89	1,275.31	1,434.72	1,753.55	2,072.37	2,391.20	2,869.44
SUTTON CHENEY	952.40	1,111.13	1,269.87	1,428.60	1,746.07	2,063.53	2,381.00	2,857.20
TWYCROSS	948.06	1,106.07	1,264.08	1,422.09	1,738.11	2,054.13	2,370.15	2,844.18
WITHERLEY	954.02	1,113.02	1,272.03	1,431.03	1,749.04	2,067.04	2,385.05	2,862.06

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COUNCIL – 20TH FEBRUARY 2014

HOUSING REVENUE ACCOUNT BUDGET 2014/2015
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

- 1.1 To seek approval of the 2014/2015 Housing Revenue Account (HRA) budget, including the Housing Repairs Account.

2. **RECOMMENDATION**

- 2.1 That the following be approved:

- The revised Housing Revenue and Housing Repairs Account budgets for 2013/2014 shown in Appendix 1 and Appendix 2
- The proposed virements in 2013/2014 on the Housing Repairs Account detailed in section 3.10
- The Housing Revenue and Housing Repairs Account budgets for 2014/2015 shown in Appendix 1 and Appendix 2
- The proposed movement in reserves shown in Appendix 3

3. **BACKGROUND TO THE REPORT**

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

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

Budget summary

- 3.2 The original Housing Revenue Account budget for 2013/2014, revised budget for 2013/2014 (based on December outturn) and the proposed budget for 2014/2015 is set out in Appendix 1.

- 3.3 The original Housing Repairs Account budget for 2013/2014, revised budgets for 2013/2014 (based on December outturn) and the proposed budget for 2014/15 is set out in Appendix 2

Revised 2013/2014 Budget

- 3.4 As part of setting the budget for 2014/15, a formal revised budget for 2013/14 has not been prepared. The original budgets for 2013/14 have, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements.

Housing Revenue Account

- 3.5 Appendix 1 identifies £72,425 of savings on the Housing Revenue Account to year end. The majority of these relate to salary savings that have been achieved through rationalising vacancies. In addition the Council has received £30,000 additional income from Leicestershire County Council for Supporting People provision.

Housing Repairs account

- 3.6 The contractor arm of the in-house housing repairs service operates using a trading account within the General Fund. All expenditure incurred for in house operations is posted to this code. Income is posted to the account following interfaces from Orchard which are calculated on the basis of schedule of rates held. At the year end, any surplus or deficit held on the trading account is removed and transferred to the housing repairs accounts. The balance is proportioned between capital and revenue based on the value of jobs completed to date.
- 3.7 The trading account budget has been set for 2013/2014, as in previous years to achieve a "break even" position and therefore no surplus or deficit was budgeted to be posted to the Housing Repairs account.
- 3.8 A break even position was not achieved in 2012/2013 and a deficit of £230,000 was charged to the housing repairs accounts. As at December 2013 it is forecast that the deficit for 2013/2014 will be £387,472, of which £138,000 (36%) is attributable to the Housing Repairs Revenue Account based on the profile of work completed.
- 3.9 This position is, in part due to the schedule of rates used for the in house team which has been in place since 2003 and was not up dated when the service was brought in house in 2011. It is quite possible that schedule of rates do not enable the in house contractor (DSO) team to recoup their costs and this could be contributing to the deficit provision. In light of this, an independent review of the schedules has been commissioned from the Chartered Institute for Housing who will also provide an assessment of the value for money of the rates and how they compare to other providers across all housing sectors. This review will inform future budgeting work.
- 3.10 In order to ensure nil impact on Housing Repairs budgets, it is recommended that Council approves a virement of £138,000 to increase the budget on responsive repairs to cover the forecast contractor deficit. This will be financed from reductions in administration and programmed repairs budgets as follows:

HOUSING REPAIRS ACCOUNT	2013/14 LATEST ESTIMATE £	2013/14 REQUESTED ESTIMATE £	2013/14 REQUIRED VIREMENT £
Administration			
Employee Costs	309,060	229,060	(80,000)
Transport Related Expenditure	8,140	6,140	(2,000)
Supplies & Services	143,340	104,340	(39,000)
Central Administrative Expenses	283,220	278,220	(5,000)
Total Housing Repairs Administration	743,760	617,760	(126,000)
Programmed Repairs	555,410	543,410	(12,000)
Responsive Repairs	1,048,655	1,186,655	138,000
GROSS EXPENDITURE	2,347,825	2,347,825	0

3.11 Members should note that these reductions are possible due to savings achieved from delaying recruitment to new posts in the service and reduction in consultancy costs. There will be no reduction in the repairs service as a consequence of these changes and therefore no customer impact.

3.12 Following these virements, the housing repairs service will continue to achieve the breakeven forecast in the latest estimate (See Appendix 2). **Members should note that this position is budgeted after a contribution to Regeneration Reserves of £693,578, implying an operating profit for the service as a whole in 2013/2014 of nearly £700,000**

2014/2015 Budget

Service Priorities and links to other documents

3.13 The 2014/15 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).

3.14 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Plan which was approved by Council in July 2013. 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
- Invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
- Refurbishment/regeneration of stock which no longer meets needs.
- Environmental improvements to estates to ensure they are clean and safe.
- Invest in service delivery
- Develop and maintain effective engagement with tenants

Budget Assumptions and the Budget Strategy

- 3.15 The 2014/15 revenue budget has been prepared following a robust budget process outlined in the 2014/15 Budget Strategy (the Strategy).
- 3.16 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 3% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.17 For pay costs, the 2014/15 estimates include a 1% increase for all employees to reflect anticipated pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% has been applied to posts to reflect the savings which will result from this challenge. This rate has been increased from 4% used in 2013/2014. In order to ensure accuracy of salary coding between client and contractor, a review is currently being performed. The Deputy Chief Executive (Corporate Direction) will authorize any virements arising as a result of this process in line with financial regulations (i.e as these are within the HRA and salary sub codes).
- 3.18 The Leicestershire Pension Fund was re-valued as at 31 March 2013 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An employers contribution rate of 19.5% (an increase of 1% from previous year) has been included for 2014/15 with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider

Rents

- 3.19 Under self financing, Council landlords were granted additional flexibility in setting rent levels and rent determinations are no longer published to prescribe the process. That said, the principle of rental convergence still applies under self financing and the Housing Revenue Account Business Plan for this Council continues to be based on a convergence date of 2015/16
- 3.20 In order to achieve the objective of convergence, the proposed rent for 2014/2015 was calculated using the same principles as previously adopted. In applying this, a blanket increase of RPI + ½% (Retail Price Index) was calculated, where RPI is 3.2%. In addition, the proposed rent was increased by a proportion of the difference between the inflated rent and the target rent for the property. This proportion is based on the number of years to convergence (2 years).
- 3.21 In order to ensure that rents are not increased excessively, the previous rental formula included rental constraint devices (known as caps and limits). The cap dictates the total amount that can be charged for each property based on the number of bedrooms. In addition, the limit states that no tenants' weekly rent can be increased by more than RPI + 0.5% + £2 year on year. Whilst these limits are no longer mandated, the proposed rental calculation retained these principles to prevent against disproportionate rental increases
- 3.22 Based on this calculation, the average rental increase for this Council for 2014/2015 was calculated at 4.99%. This proposed rent was not endorsed by the Executive who approved a rent increase of **3.99%** on 22nd January 2014. After factoring in void

losses of 2%, this increase will generate forecast rental income of £12,642,773 in 2014/15 (3.37%).

Supporting People Income

- 3.23 The Council is currently contracted by Leicestershire County Council to provide Sheltered Housing Services to older people living in the Borough. A grant of £441,671 was received in 2013/14 to deliver this service.
- 3.24 The contract for this service is currently under review by the County Council. Whilst decisions are being made on the future of the service, funding for all Districts has been reduced for 2014/2015 by 10%. This has therefore created a pressure on the HRA of £44,167.
- 3.25 In light of the uncertainty around the future of this income stream and the budget pressures faced by the County Council, work is being performed by housing and finance to consider charges that could be introduced to tenants to “recoup” elements of any funding gap in future years. These will be considered by Executive during 2014/2015.

Housing Repairs budgets

- 3.26 The Housing Repairs operational budgets (Planned and Responsive repairs) have been prepared taking into account the outputs of the stock condition survey conducted in 2013/2014 and capacity for this to be delivered in 2014/2015.
- 3.27 The current position on the Housing Repairs contractor account has been detailed in 3.6 of this report. In light of the deficit position in both the current and prior year, it is deemed prudent to forecast a similar position in 2014/2015 to ensure that sufficient resource is available to fund repairs activity. A total deficit of £400,000 has been budgeted, of which 36% (£144,000) has been included within the budget for responsive repairs.
- 3.28 This position will continue to be monitored throughout the year and will be revisited following the results of the schedule of rates work detailed in section 3.9
- 3.29 **Despite this additional cost the housing repairs account is forecast to achieve an operating surplus (i.e before transfer to reserves) in 2014/2015 of £722,500**

Working balances

- 3.30 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. For the 2014/2015, this equates to minimum balances of £846,500 based on 3,386 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.
- 3.31 The projected movement of the Housing Revenue Account Balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2015 based on the minimum balance thresholds outlined in 3.30. Required transactions to achieve minimum balances for 2013/2014 will be considered as part of the outturn process.

	2013/14 ORIGINAL ESTIMATE £	2013/14 LATEST ESTIMATE £	2014/15 ORIGINAL ESTIMATE £
Opening Balance at 1st April	(1,950,903)	(1,890,007)	(775,419)
Closing Balance at 31st March	(849,750)	(775,419)	(846,500)

3.32 The Housing Repairs Account balance is forecast as follows:

	2013/14 ORIGINAL ESTIMATE £	2013/14 LATEST ESTIMATE £	2014/15 ORIGINAL ESTIMATE £
Opening Balance at 1st April	(318,410)	(242,547)	(237,374)
Closing Balance at 31st March	(302,177)	(237,374)	(239,874)

Reserves

3.33 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2013/2014 and 2014/2015. Based on these calculations, it is estimated that the Council will hold £6,975,055 in earmarked HRA reserves as at 31st March 2014 and £9,553,798 at 31st March 2015. 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.

3.34 The following transfers to reserves are proposed for 2014/2015:

Reserve	Transfer £'000	Use
Piper Alarm Reserve	10	Reserve set aside for additional costs that may be incurred on provision of the Piper Alarm service. This service is currently under review by the Council
Regeneration Reserve	3,642	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
Service Improvement Reserve	50	This reserve has been set up to fund the potential costs arising from a restructure in the Housing department designed to enhance the tenant journey

3.35 It is proposed that HRA reserves will only be used for capital purposes in 2014/2015. Full details are included in the Capital Programme.

4. FINANCIAL IMPLICATIONS [KP]

4.1 As contained in the report

5. LEGAL IMPLICATIONS [AB]

5.1 Contained in the body of the report

6. **CORPORATE PLAN IMPLICATIONS**

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

7. **CONSULTATION**

7.1 Relevant council officers have been consulted in the preparation of the budgets.

7.2 A full consultation exercise on priorities for Housing investment was conducted in 2013/2014, the results of which were considered in preparation of the Housing Investment Plan

7.3 “Tenants Together” were consulted on the proposed rent levels and recommended an increase of 3.5%

8. **RISK IMPLICATIONS**

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

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

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

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

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

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

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: None

Contact Officer: Katherine Plummer, Head of Finance ext 5609
Executive Member: Cllr K Lynch

Appendix 1

	2013/14 ORIGINAL ESTIMATE £	2013/14 LATEST ESTIMATE £	2014/15 ORIGINAL ESTIMATE £
HOUSING REVENUE ACCOUNT			
INCOME			
Dwelling Rents	(12,230,600)	(12,230,600)	(12,642,773)
Non Dwelling Rents (garages & land)	(75,890)	(75,890)	(78,261)
Contributions to Expenditure	(16,340)	(16,340)	(16,340)
Further net savings identified in year	0	(72,425)	0
	(12,322,830)	(12,395,255)	(12,737,374)
EXPENDITURE			
Supervision & Management (General)	1,721,960	1,790,520	1,733,285
Supervision & Management (Special)	589,360	643,235	552,846
Contribution to Housing Repairs A/C	3,032,000	3,032,000	3,192,165
Depreciation (Item 8 Debit)	2,967,510	2,967,510	2,883,000
Capital Charges : Debt Management	17,240	17,240	3,790
Increase in Provision for Bad Debts	110,500	110,500	110,500
Interest on Borrowing	2,118,370	2,118,370	2,088,620
	10,556,940	10,679,375	10,564,206
Net (Income)/Cost of Services	(1,765,890)	(1,715,880)	(2,173,168)
Transfer from Major Repairs Reserve	(850,780)	(850,780)	(850,780)
Interest Receivable	(10,850)	(10,850)	(16,850)
IAS19 Adjustment	(20,650)	(20,650)	(16,610)
Transfer from unapplied grants and contributions	0	(25,000)	0
Net Operating (Income)/Cost	(2,648,170)	(2,623,160)	(3,057,408)
CONTRIBUTIONS			
Contribution to Piper Alarm Reserve	10,400	10,400	10,400
Contribution from Piper Alarm Reserve	0	(11,575)	0
Contribution to Service Improvement Reserve	0	0	50,000
Contribution to Pension Reserve	42,030	42,030	3,910
Contribution to Repayment Reserve	1,796,893	1,796,893	0
Contribution to Regeneration Reserve	1,900,000	1,900,000	2,922,017
(Surplus) / Deficit	1,101,153	1,114,588	(71,081)
Relevant Year Opening Balance at 1st April	(1,950,903)	(1,890,007)	(775,419)
Relevant Year Closing Balance at 31st March	(849,750)	(775,419)	(846,500)

Appendix 2

	2013/14 ORIGINAL BUDGET £	2013/14 LATEST ESTIMATE £	2013/14 REQUESTED ESTIMATE £	2014/15 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT				
Administration				
Employee Costs	310,120	309,060	229,060	341,060
Transport Related Expenditure	8,140	8,140	6,140	7,250
Supplies & Services	143,340	143,340	104,340	119,840
Central Administrative Expenses	283,220	283,220	278,220	246,300
Total Housing Repairs Administration	744,820	743,760	617,760	714,450
Programmed Repairs	555,410	555,410	543,410	558,600
Responsive Repairs	1,058,655	1,048,655	1,186,655	1,202,655
GROSS EXPENDITURE	2,358,885	2,347,825	2,347,825	2,475,705
Contribution from HRA	(3,032,000)	(3,032,000)	(3,032,000)	(3,192,165)
Interest on Cash Balances	(2,480)	(2,480)	(2,480)	0
Interest on Borrowing	0	0	0	0
Other Income		0	0	(2,010)
IAS19 Adjustment	(4,950)	(4,950)	(4,950)	(4,030)
TOTAL INCOME	(3,039,430)	(3,039,430)	(3,039,430)	(3,198,205)
Contribution to HRA Reserves	693,578	693,578	693,578	720,000
Opt in Cont to Pension Reserve	3,200	3,200	3,200	0
NET EXPENDITURE / (INCOME)	16,233	5,173	5,173	(2,500)
Opening Balance at 1st April	(318,410)	(242,547)	(242,547)	(237,374)
Closing Balance at 31st March	(302,177)	(237,374)	(237,374)	(239,874)

Appendix 3

	Opening balance - 1st April 2013	Items in 2013/14 Original Budget Transfer to reserve to reserves	Supplementary Budgets 2013/14 - Revenue	Final Capital Programme forecast	Revised Balance - 31st March 2014	Transfer to reserves 2014/2015	Revenue spend 2014/2015	Capital spend 2014/2015	Forecast Balance 31st March 2015
	£	£	£	£	£	£	£	£	£
Piper Alarm Reserve	-138,986	-10,400	11,575	0	-137,811	-10,400	0	0	-148,211
Communal Furniture Reserve	-4,913	0	0	0	-4,913	0	0	0	-4,913
Regeneration Reserve	-2,834,000	-2,593,578	0	392,140	-5,035,438	3,642,017	0	1,123,674	7,553,781
Repayment reserve	0	-1,796,893	0	0	-1,796,893	0	0	0	1,796,893
Service Improvement Reserve	0	0	0	0	0	-50,000	0	0	-50,000
Total	-2,977,899	-4,400,871	11,575	392,140	-6,975,055	3,702,417	0	1,123,674	9,553,798

COUNCIL - 20TH FEBRUARY 2014

RE: CAPITAL PROGRAMME 2013/2014 TO 2016/2017
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To seek approval of the Capital Programme for the years 2013/2014 – 2016/2017

2. **RECOMMENDATION**

That the following be approved:

- The General Fund Capital Programme for 2013/2014 – 2016/2017
- The Housing Revenue Account Capital Programme for 2013/2014 – 2016/2017
- The proposed virements in 2013/2014 on the Housing Revenue Account Capital Programme detailed in sections 3.18 – 3.22

3. **BACKGROUND TO THE REPORT**

3.1 Capital expenditure is essentially 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.

3.2 Any plans for capital expenditure must be financed through an approved method of funding. The main streams of such financing are:

- Supported borrowing - where the costs of the borrowing are part recognised in the formula grant settlement and are therefore 'supported'
- Unsupported 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
- Government Grants – where specific monies have been awarded by Government to fund a particular project. In these cases the monies are often time limited and ring fenced for specific purposes. One of the largest government grants awarded to this Council is Regional Growth Funding for the works on the A5 and MIRA Enterprise Zone
- Third Party Contributions – these include contributions made from bodies such as the National Lottery, as well as planning obligations funded from section 106 agreements received from developers. As with Government Grants, these contributions tend to contain conditions on how they can be spent
- Capital receipts – these are derived from asset sales and can only be used to fund future capital expenditure.
- Revenue contributions – the Council is permitted to contribute revenue balances to capital, however this should be a minimal amount and only used to fund minor shortfalls in funding
- Earmarked reserves – funds that have been put aside from previous under spends for specific capital schemes that will occur in the future. For this Council, the Leisure Centre reserve is an example of where funds have been put aside to finance a specific capital priority in the future

- 3.3 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.
- 3.4 The Capital Programme is prepared in conjunction with budget holders and Chief Officers. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Chief Officers and the Strategic Leadership Board. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.5 The overall Capital Programme for 2013/2014 – 2016/2017 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

Proposed Capital Programme – General Fund

- 3.6 As outlined in the Medium Term Financial Strategy, the General Fund Capital Programme is concentrated around achievement of three priority capital projects namely:
- The Hinckley Bus Station Redevelopment - "The Crescent"
 - Build of the new Hinckley Leisure Centre
 - Capital works associated with the Regional Growth Fund

The Crescent

- 3.7 This scheme involves redevelopment of the town centre bus station site, including a new supermarket, bus station, 560 space car park, new shops, family restaurants and cinema. Following renegotiation of the Development Agreement with the schemes developer, The Tin Hat Partnership, Council approved on 16th July 2013 capital investment of £4,500,000 to purchase the freehold of the Leisure "Block C" upon completion.
- 3.8 Based on the current development programme, completion of Block C will occur on 5th June 2015. The Council's £4,500,000 investment has therefore been included in the Programme in 2015/2016, to be funded by borrowing approved by Council in July.
- 3.9 On completion of the development, blocks A, B and D will be sold by Tin Hat Partnership on the open market. Tin Hat Partnership will have priority over the first £5,000,000 of development profit with the balance split 80:20 (THP:HBBC). This receipt (currently estimated at £1,200,000) will be used by the Council to partly fund the Leisure Centre project. The development agreement contains a "long stop" date for this sale of five years following completion (currently programmed for 27th July 2015). On the basis that the precise timescale is unknown, the Programme has prudently not included this financing until further clarity on timescales is known.

Hinckley Leisure Centre

- 3.10 The current Leisure Centre building on Coventry Road was opened in 1975 and will be at the end of its design life by the end of 2014/15. Council approved the decision in November 2012 to proceed with the procurement of a Partner (or Partners) to develop a new Leisure Centre and deliver the ongoing management of the Centre.

Having considered all of the alternatives, Council agreed to relocate the Leisure Centre to the former Council Offices location on Argents Mead.

3.11 The preferred bidder for the New Leisure Centre was approved by Council on 21st January 2014. The approved bid was is a high specification centre which includes:

- 25 metre, 8 lane swimming pool and learner pool
- 8 court sports hall
- Family Climbing Wall
- Larger Learner Pool with moveable floor
- Separate splash/water familiarisation and fun zone in pool hall
- Glazed Group Cycling studio
- Health Suite (Sauna and steam rooms)

3.12 The approved scheme has an estimated capital cost of £13.55million which will be expended and financed as follows:

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2013-2014	2014-2015	2015-2016
	£	£	£	£
Expenditure	13,550,000	50,000	6,750,000	6,750,000
Financed by				
Leisure Centre Reserve	2,660,000	50,000	2,610,000	0
Capital Receipts (depot site)	2,000,000	0	2,000,000	0
Leisure Centre Temporary Financing	3,400,000	0	0	3,400,000
Leisure Centre Borrowing	5,490,000	0	2,140,000	3,350,000
Total financing	13,550,000	50,000	6,750,000	6,750,000

As outlined in 3.9, any capital receipt received from the sale of the Bus Station site will be utilised for this scheme. However because of uncertainty around the timing of this funds flow, it has been assumed that borrowing will be used to fund any shortfall. It should also be noted that the available balance of the Leisure Centre reserve may increase should savings be realised in the 2013/2014 revenue budget.

3.13 In order to finance the scheme, the Council is required to borrow to fund both the capital outlay and also to cover any short term cash flow requirements. In order to allow for this investment the “Authorised Limit” was extended by Council in January 2014. Further detail of these limits is provided in the Prudential Indicator report contained on this agenda. The cost of servicing this debt will be met by the gross management fee provided by appointed bidder. In addition a “profit share” element will be provided to the Council, details of which are provided in the General Fund budget.

Regional Growth Funding

3.14 During 2012/2013, the Secretary for State for Business Innovation and Skills (BIS) confirmed that Hinckley and Bosworth Borough Council would receive £19,474,000 in Regional Growth Funding (RGF) to support the development of the MIRA Enterprise Zone and wider economy. The funding will be spent in conjunction with MIRA, the Highways Agency and Highways Authorities to provide enhanced highway capacity on the A5 around the zone and other sustainable transport initiatives. In addition, elements of the funding have been provided to fund the relocation of a substation on the current site and also to support sustainable transport links for the zone.

3.15 The capital works associated with this project are due to commence in 2014/2015. Expenditure will be incurred in the main by the Council with some elements being passported to MIRA and Highways Agency to fund the works. In all cases the expenditure is funded by the RGF monies and therefore the scheme has not net impact on the capital financing requirement of the Council. Details of the profile of the works are included in Section 3 of the appendix to this report.

New Schemes

3.16 Following review of submitted proposals, the following new schemes from 2014/2015 onwards have been included in the Programme for approval:

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2014-2015	2015-2016	2016-2017
	£	£	£	£
Waste Management Receptacles -This scheme relates to the cost of bins for new residential properties in the Borough. Options for recouping this capital outlay are currently being investigated and therefore a net budget has been assumed				
Total Annual Expenditure	114,565	25,520	48,225	40,820
Less: Income generation	(114,565)	-25,520	-48,225	-40,820
HBBC ELEMENT	0	0	0	0
MS Software - Cost associated with upgrading the Council's Microsoft software. This work is essential in order to ensure the Council's software is supported and is up-to-date.				
Total Annual Expenditure (ALL HBBC)	114,000	0	57,000	57,000
Green Spaces/Parks works - Ongoing works required on green spaces and parks. Following a review of available 106 and other private contributions, a significant element of these works is financed by these sources. It is proposed that for those schemes in Hinckley, a contribution of £50,000 per annum is made from the Special Expenses Area reserves. This is subject to approval by the Committee.				
The Council is currently producing a Green Spaces Delivery Plan, the results of which will be factored into the Programme following consultation and approval processes.				
Total Cost	420,851	147,742	176,559	96,550
Less Section 106 contributions	(170,449)	(69,147)	(95,752)	(5,550)
Less other private contributions	(100,402)	(28,595)	(30,807)	(41,000)
Less Special Expenses Area reserves	(150,000)	(50,000)	(50,000)	(50,000)
HBBC ELEMENT	0	0	0	0
Hinckley Squash Club – Capital grant awarded to the Club to fund the new facilities. This was approved by Executive in 2013/2014 but is not required until the forthcoming year.				
Total Annual Expenditure (ALL HBBC)	49,000	49,000	0	0

Existing schemes

3.17 With the exception of these material schemes, the remainder of the Programme contains ongoing schemes which have been in place for a number of financial years. The following points should be noted when reviewing these schemes:

- The Major and Minor works budgets have been reduced by £40,000 and £20,000 respectively from the proposals in 2014/2015 onwards. This is to reflect the under-spends in these areas in previous years. A review of the allocations process for these funds is currently being undertaken to understand this under-spend. Any revision to the policy will be considered for financial impact upon approval.

- Changes in the allocation method for Disabled Facilities Grant are being proposed by Central Government from 2016/2017 onwards. The impact of these changes on the Programme will be considered upon publication from Government.

Revised Capital Programme 2013/2014 – Housing Revenue Account

- 3.18 The contractor arm of the in-house housing repairs service operates using a trading account within the General Fund. All expenditure incurred for in house operations is posted to this code. Income is posted to the account following interfaces from Orchard which are calculated on the basis of schedule of rates held. At the year end, any surplus or deficit held on the trading account is removed and transferred to the housing repairs accounts. The balance is proportioned between capital and revenue based on the value of jobs completed to date.
- 3.19 The trading account budget has been set for 2013/2014, as in previous years to achieve a “break even” position and therefore no surplus or deficit was budgeted to be posted to either the Housing Repairs account or the HRA Capital budgets.
- 3.20 A break even position was not achieved in 2012/2013 and a deficit of £230,000 was charged to the housing repairs accounts. As a December 2013 it is forecast that the deficit for 2013/2014 will be £387,472, of which £232,959 (36%) is attributable to the HRA capital budgets based on the profile of work completed.
- 3.21 In order to ensure nil impact on Housing Repairs budgets, it is recommended that Council approves a virement of £232,959 to increase the budget on capital schemes impacted by the deficit. This will be financed by the HRA contingencies fund and also from reductions in the budgets for glazing, re-roofing, doors and boilers as follows:

	2013/14 LATEST ESTIMATE	2013/14 REQUESTED ESTIMATE	2013/14 REQUIRED VIREMENT
	£	£	£
Adaptation Of Dwellings	288,000	288,320	320
Major Void Enhancements	780,000	915,636	135,636
Programmed Enhancements	320,000	345,248	25,248
Windows : Single to Double Glazing	20,000	10,000	(10,000)
Re-Roofing	63,000	43,000	(20,000)
Kitchen Upgrades	560,890	632,645	71,755
Low maintenance doors	32,000	27,000	(5,000)
Boiler Replacement	350,160	280,184	(69,976)
HRA Contingency	252,970	124,988	(127,982)

- 3.22 Members should note that these reductions are possible due to re-profiling of works. There will be no overall reduction in the repairs service as a consequence of these changes and therefore no customer impact.

Proposed Capital Programme – Housing Revenue Account

3.23 Following the approval of the Housing Revenue Account Investment Plan by Council in July 2013, the HRA Capital Programme reflects the main investment priorities outlined in this plan as follows:

	ESTIMATE 2014-15 £	ESTIMATE 2015-16 £	ESTIMATE 2016-17 £
Service Investment	100,000	100,000	100,000
Stock Enhancements	596,000	146,000	806,000
New Build/Acquisition	2,500,000	2,500,000	2,500,000
Total Investment	3,196,000	2,746,000	3,406,000

3.24 The following proposed schemes link to the achievement of these investment objectives:

- £7,500,000 over the next three years for new Affordable Housing. This scheme will prioritise the buy back of ex-Council properties and development of housing on Council owned sites in 2014/2015. In the following two years the emphasis will move to targeting new land for acquisition and potential new build in conjunction with a development partner.
- £620,000 of kitchen and bathroom “enhancement” works - additional kitchen and bathroom refurbishment projects to an upgraded standard and works to give tenants additional bathroom location and equipment options

3.25 In addition to this, the HRA Capital Programme includes expenditure towards the rolling works on housing properties confirmed by the outcomes of the stock condition exercise carried out in 2012/2013.

3.26 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 Right to Buy Receipts obtained from Council properties

Funding Implications

3.27 The main methods of financing the Capital Programme are detailed in section 3.2 of this report. The availability of financing options are 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

3.28 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. Based on current expenditure proposals, all receipts will be quickly used for financing expenditure and the reserve will be effectively drawn down over the period of this Programme. Receipts assumptions are based on the following:

- Right to buy sales of £350,000 per annum;
- Disposal of the current depot site in March 2014 for £2,000,000. This receipt must be used for future regeneration projects and therefore will be applied in full to the Leisure Centre scheme

- A receipt of £2,200,000 for the current leisure centre site in 2015/16 which will be used in part to repay any short term financing required for the Leisure Centre pending receipt of the Bus Station receipt
- The receipt from the Tin Hat Partnership upon the sale of Block C has not been factored into this Programme

	2013-14 £	2014-15 £	2015-16 £	2016-17 £
Opening Balance	1,603,000	267,602	562,202	912,202
In Year Receipts	646,400	2,794,600	350,000	2,550,000
Repayment of Debt - Leisure Centre	0	0	0	(3,400,000)
In Year Application (Non Leisure Centre)	(1,981,798)	(500,000)	0	0
In Year Application - Leisure Centre	0	(2,000,000)	0	0
Closing Balance	267,602	562,202	912,202	62,202

Borrowing

- 3.29 As outlined in section 3.2, the Council is permitted to borrow within approved limits to finance capital expenditure. Following agreement of the revised development agreement with developers of the Bus Station site and the required investment in the Leisure Centre, the "Authorised Limit" for this Council will be proposed at £97.4million for 2014/2015. This is split between the HRA and General Fund as follows:

	£million
HRA (Debt Cap)	72.0
General Fund	16.6
Additional Leisure Centre	1.35
Bus Station Loan	7.0
Other long term liabilities	0.4
Total Proposed Limit	97.4

- 3.30 In line with relevant accounting standards, the Council is required to budget for the cost of borrowing, to include any interest payable and also 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:

	ESTIMATE 2014-15 £	ESTIMATE 2015-16 £	ESTIMATE 2016-17 £
Additional MRP cost	14,550	58,410	271,715
Additional Interest cost	42,715	239,752	240,701

- 3.31 Further details of the Council's borrowing limits and indicators will be outlined in the 2014/2015 Treasury Management Policy which is included elsewhere on the agenda.

Use of Reserves

3.32 The following reserves have been used to finance specific capital schemes outlined in the Programme:

	Use of Reserves	Forecast balance 31st March 2014	Use of Reserves	Use of Reserves	Use of Reserves
	2013-14	2014	2014-15	2015-16	2016-17
	£	£	£	£	£
Waste Management Reserve	-138,500	178,265	-26,000	-32,000	-32,000
ICT Reserve	-1,650	210,850	-57,000	-57,000	0
Transformation	-23,600	26,400	0	0	0
Relocation Reserve	-394,768	102,781	0	0	0
Sub total	-558,518		-83,000	-89,000	-32,000
Leisure Centre	50,000	2,610,216	-2,610,000	0	0

3.33 All transfers to/from reserves (ie including revenue expenditure and transfers from balances) are detailed in the General Fund budget report contained on this agenda.

4. FINANCIAL IMPLICATIONS [KP]

Contained within the body of the report.

5. LEGAL IMPLICATIONS [AB]

None arising directly from the report.

6. CORPORATE PLAN IMPLICATIONS

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.

7. CONSULTATION

Members of the public were consulted on priorities for budget setting as part of the annual Priority Setting exercise, the results of which will be reported to Executive in November 2013.

Expenditure proposals contained within this report have been submitted after officer consultation, including the COB and SLB.

Material schemes (e.g. the Leisure Centre and Bus Station Redevelopment) have been subject to individual consultations as part of the viability and design process.

8. RISK IMPLICATIONS

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

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

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

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

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

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

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

10. **CORPORATE IMPLICATIONS**

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

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

Background Papers: Capital Estimates submissions

Contact Officer: Katherine Plummer, Head of Finance (ext 5609)

Lead Member: Cllr KWP Lynch

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CAPITAL ESTIMATES 2013/2014 to 2016/2017 GENERAL FUND SUMMARY

	TOTAL COST	ESTIMATE 2013-14	ESTIMATE 2014-15	ESTIMATE 2015-16	ESTIMATE 2016-17
	£	£	£	£	£
Expenditure					
SECTION 1 (Leisure and Environment)	14,775,024	565,526	7,025,178	6,967,160	217,160
SECTION 2 (Planning)	4,891,370	237,680	43,943	4,566,052	43,695
SECTION 3 (Central Services)	1,674,041	1,470,041	97,000	67,000	40,000
Housing (General Fund)	1,966,420	739,472	496,948	365,000	365,000
Expenditure Total	23,306,855	3,012,719	7,663,069	11,965,212	665,855
Financing					
General Financing					
Capital Receipts	2,481,798	1,981,798	500,000	0	0
Supported Borrowing GF	426,400	106,600	106,600	106,600	106,600
Unsupported Borrowing GF	1,478,489	257,153	174,469	519,612	527,255
Revenue Contribution to Capital	107,650	58,650	49,000	0	0
Contribution from reserves GF	762,518	558,518	83,000	89,000	32,000
Leisure Centre Financing					
Leisure Centre Reserve	2,660,000	50,000	2,610,000	0	0
Leisure Centre Capital Receipt	2,000,000	0	2,000,000	0	0
Leisure Centre Temporary Financing	3,400,000	0	0	3,400,000	0
Leisure Centre Borrowing	5,490,000	0	2,140,000	3,350,000	0
Bus Station Financing					
Bus Station Borrowing	4,500,000	0	0	4,500,000	0
Financing Total	23,306,855	3,012,719	7,663,069	11,965,212	665,855

SECTION 1

	TOTAL COST £	ESTIMATE 2013-2014 £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	401,760	101,760	100,000	100,000	100,000
Parks Major works					
Total Annual Expenditure(ALL HBBC)	120,000	30,000	30,000	30,000	30,000
Richmond Park Play Area					
Total Annual Expenditure	150,000	114,000	36,000	0	0
Section 106	(20,982)	0	(20,982)	0	0
External Funding (FA)	(106,574)	(106,574)	0	0	0
Total Annual Expenditure(ALL HBBC)	43,426	7,426	36,000	0	0
Burbage Common					
Total Annual Expenditure	66,210	66,210	0	0	0
Less 6c's grant	0	0	0	0	0
HBBC Element	66,210	66,210	0	0	0
Rural Broadband					
Total Annual Expenditure(ALL HBBC)	58,000	58,000	0	0	0
Roll on Roll off Vehicle					
Total Annual Expenditure(ALL HBBC)	6,000	6,000	0	0	0
Waste Vehicle					
Total Annual Expenditure(ALL HBBC)	75,000	75,000	0	0	0
Tele Handler					
Total Annual Expenditure(ALL HBBC)	28,000	28,000	0	0	0
Fork Lift truck					
Total Annual Expenditure(ALL HBBC)	14,500	14,500	0	0	0
Memorial Safety Programme					
Total Annual Expenditure(ALL HBBC)	21,710	6,230	5,160	5,160	5,160
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	361,000	121,000	76,000	82,000	82,000
Hinckley Squash Club					
Total Annual Expenditure(ALL HBBC)	49,000	0	49,000	0	0
Lesiure Centre					
Total Annual Expenditure(ALL HBBC)	13,550,000	50,000	6,750,000	6,750,000	0
Brodick Road Woodlands Scheme					
Total Annual Expenditure(ALL HBBC)	1,400	1,400	0	0	0
Waste Management Receptacles					
Total Annual Expenditure	114,565	0	25,520	48,225	40,820
Less: Income generation	(114,565)	0	(25,520)	(48,225)	(40,820)
HBBC ELEMENT	0	0	0	0	0
Green Spaces/Parks works					
Total Cost	420,851	0	147,742	176,559	96,550
Less Section 106 contributions	(170,449)	0	(69,147)	(95,752)	(5,550)
Less other private contributions	(100,402)	0	(28,595)	(30,807)	(41,000)
Less Special Expenses Area reserves	(150,000)	0	(50,000)	(50,000)	(50,000)
HBBC ELEMENT	(0)	0	(0)	0	0
TOTAL GROSS EXPENDITURE	15,437,996	672,100	7,219,422	7,191,944	354,530
LESS TOTAL CONTRIBUTIONS	(662,972)	(106,574)	(194,244)	(224,784)	(137,370)
TOTAL HBBC ELEMENT	14,775,024	565,526	7,025,178	6,967,160	217,160

SECTION 2

	TOTAL COST £	ESTIMATE 2013-2014 £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £
Borough Improvements					
Total Annual Expenditure	215,000	65,000	50,000	50,000	50,000
Less Private contribution	(60,000)	(15,000)	(15,000)	(15,000)	(15,000)
HBBC Element	155,000	50,000	35,000	35,000	35,000
Car Park Resurfacing					
Total Annual Expenditure(ALL HBBC)	66,930	18,240	8,943	31,052	8,695
Carlton Rural Exception Site					
Total Annual Expenditure(ALL HBBC)	55,000	55,000	0	0	0
Barwell Shop Front Improvements					
Total Annual Expenditure	6,698	6,698	0	0	0
Less Private contribution	(6,698)	(6,698)	0	0	0
HBBC Element	0	0	0	0	0
Depot Relocation					
Total Annual Expenditure (ALL HBBC)	114,440	114,440	0	0	0
Bus Station Development					
Total Annual Expenditure (ALL HBBC)	4,500,000	0	0	4,500,000	0
TOTAL GROSS EXPENDITURE	4,958,068	259,378	58,943	4,581,052	58,695
LESS TOTAL CONTRIBUTIONS	(66,698)	(21,698)	(15,000)	(15,000)	(15,000)
TOTAL HBBC ELEMENT	4,891,370	237,680	43,943	4,566,052	43,695

SECTION 3

	TOTAL COST £	ESTIMATE 2013/14 £	ESTIMATE 2014/15 £	ESTIMATE 2015/16 £	ESTIMATE 2016-2017 £
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	62,620	62,620	0	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	79,000	69,000	0	10,000	0
Rolling Server Review					
Total Annual Expenditure(ALL HBBC)	80,000	0	40,000	0	40,000
Financial System					
Total Annual Expenditure(ALL HBBC)	11,050	11,050	0	0	0
Council Office Relocation					
Total Annual Expenditure	718,680	718,680	0	0	0
Less Private contribution	(3,429)	(3,429)	0	0	0
HBBC Element	715,251	715,251	0	0	0
Florenance House Delapidation	100,000	100,000	0	0	0
Total Annual Expenditure(ALL HBBC)	100,000	100,000	0	0	0
Stamp Duty - Hinckley Hub					
Total Annual Expenditure(ALL HBBC)	165,550	165,550	0	0	0
RGF - MIRA					
Substation and A5 improvements	11,571,790	5,598,790	5,973,000	0	0
Less Regional Growth Fund contribution	(11,571,790)	(5,598,790)	(5,973,000)	0	0
HBBC Element	0	0	0	0	0
Channel Strategy					
Total Annual Expenditure(ALL HBBC)	23,600	23,600	0	0	0
Wifi Hinckley Hub					
Total Annual Expenditure(ALL HBBC)	13,900	13,900	0	0	0
Demolition of Argents Mead Offices					
Total Annual Expenditure(ALL HBBC)	199,750	199,750	0	0	0
Demolition of Depot					
Total Annual Expenditure(ALL HBBC)	90,010	90,010	0	0	0
Transformation					
Total Annual Expenditure(ALL HBBC)	3,110	3,110	0	0	0
Mobile Web					
Total Annual Expenditure(ALL HBBC)	16,200	16,200	0	0	0
MS Software					
Total Annual Expenditure (ALL HBBC)	114,000	0	57,000	57,000	0
TOTAL GROSS EXPENDITURE	13,249,260	7,072,260	6,070,000	67,000	40,000
LESS TOTAL CONTRIBUTIONS	(11,575,219)	(5,602,219)	(5,973,000)	0	0
TOTAL HBBC ELEMENT	1,674,041	1,470,041	97,000	67,000	40,000

GENERAL FUND HOUSING

	TOTAL COST	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016	ESTIMATE 2016-2017
	£	£	£	£	£
Major Works Assistance					
HBBC ELEMENT	580,000	130,000	150,000	150,000	150,000
Minor Works Assistance					
HBBC ELEMENT	300,000	90,000	70,000	70,000	70,000
Private Sector Leasing Scheme					
HBBC ELEMENT	60,000	60,000	0	0	0
Care & Repair Improvement Agency					
Total Annual Expenditure(ALL HBBC)	0	0	0	0	0
Disabled Facilities Grants					
Total Annual Expenditure	1,722,420	633,472	450,948	319,000	319,000
Less Government Grant	(696,000)	(174,000)	(174,000)	(174,000)	(174,000)
HBBC ELEMENT	881,420	459,472	276,948	145,000	145,000
Fuel Poverty and Green Deal Programme					
Total Annual Expenditure	1,301,010	1,301,010	0	0	0
Less Government Grant	(1,301,010)	(1,301,010)	0	0	0
HBBC ELEMENT	0	0	0	0	0

TOTAL GROSS EXPENDITURE	3,963,430	2,214,482	670,948	539,000	539,000
LESS TOTAL CONTRIBUTIONS	(1,997,010)	(1,475,010)	(174,000)	(174,000)	(174,000)
TOTAL HBBC ELEMENT	1,966,420	739,472	496,948	365,000	365,000

CAPITAL ESTIMATES 2013/2014 to 2016/2017 HOUSING REVENUE ACCOUNT SUMMARY

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
		2013-2014	2014-2015	2015-2016	2016-2017
EXPENDITURE	£	£	£	£	£
Stock Condition Schemes					
Sheltered Scheme Enhancements (internal dec to com areas)	90,000	0	35,000	35,000	20,000
Tenant Led Community Projects	80,000	20,000	20,000	20,000	20,000
Kitchen Improvements	2,365,990	560,890	634,100	580,000	591,000
Boiler and Heating Replacement	2,024,160	350,160	558,000	558,000	558,000
uPVC Door Replacement	128,000	32,000	32,000	32,000	32,000
Electrical Testing / Upgrading	1,820,000	320,000	500,000	500,000	500,000
Programmed Enhancements	1,321,550	320,000	361,550	320,000	320,000
uPVC Window Replacement	130,000	20,000	30,000	40,000	40,000
Re-roofing	252,000	63,000	63,000	63,000	63,000
Major Void Enhancements	3,256,020	780,000	916,020	780,000	780,000
Exceptional Extensive items and Contingencies	756,972	252,972	0	252,000	252,000
Previous years budgets					
Housing Repairs Software system	37,210	0	37,210	0	0
Orchard System Upgrade	103,820	103,820	0	0	0
Adaptations for Disabled People	1,200,102	288,000	297,250	303,631	311,221
Enhancements works					
Kitchens and Bathrooms	620,000	0	120,000	200,000	300,000
Affordable Housing					
Affordable Housing	7,500,000	0	1,000,000	3,500,000	3,000,000
Expenditure Total	21,685,824	3,110,842	4,604,130	7,183,631	6,787,221

FINANCING

Major Repairs Reserve	12,245,198	2,719,022	3,084,786	3,168,170	3,273,220
Regeneration Reserve	8,840,626	391,820	1,119,344	3,915,460	3,414,002
1:4:1 Receipts	600,000	0	400,000	100,000	100,000
Financing Total	21,685,824	3,110,842	4,604,130	7,183,631	6,787,221

COUNCIL - 20TH FEBRUARY 2014

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES – SETTING OF PRUDENTIAL INDICATORS 2013/14 – 2016/17 AND TREASURY MANAGEMENT STRATEGY 2014/15-16/17

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

*A Borough to be proud of
A Borough to be proud of*

1. PURPOSE OF REPORT

This report outlines the Council's prudential indicators for 2013/14 - 2016/17 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

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

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

2. RECOMMENDATIONS

Members approve the key elements of these reports:

1. The Prudential Indicators and Limits for 2013/14 to 2016/17 contained within Section C of the report, including the Authorised Limit Prudential Indicator.
2. The Minimum Revenue Provision (MRP) Statement contained within Section 3 Part B which sets out the Council's policy on MRP.

3. The Treasury Management Strategy 2013/14 to 2016/17, and the Treasury Prudential Indicators contained within Section C.
4. The Investment Strategy contained in the Treasury Management Mstrategy and the detailed strategy in Appendix 1.

3. BACKGROUND TO THE REPORT

- A) The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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

CIPFA defines treasury management as:

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

- B) The Capital Prudential Indicators 2013/14 - 2016/17

Introduction

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

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

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

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

The Capital Expenditure Plans

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

Table 1

Capital Expenditure £'000	Actual 2012/13	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non-HRA	4,333	10,218	14,019	12,379	992
HRA	2,785	3,111	4,604	7,184	6,787
Total	7,118	13,329	18,624	19,563	7,779
Financed by:					
Capital receipts	1,341	1,982	2,900	100	100
Capital grants	1,471	7,205	6,356	414	326
Capital reserves	949	1,000	3,863	4,005	3,446
Revenue	2,841	2,778	3,134	3,168	3,273
Net financing need for the year	516	364	2,371	11,876	634

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

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

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

Table 2

£'000	Actual 2012/13	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Capital Financing Requirement					
CFR - Non Housing	15,388	15,158	16,921	28,085	24,470
CFR - Housing	70,320	70,320	70,320	70,320	70,320
Total CFR	85,708	85,478	87,241	98,450	94,745
Movement in CFR	515	-230	1,763	11,164	-3,615

Movement in CFR represented by					
Net financing need for the year (above)	516	364	2,371	11,876	634
Less MRP/ VRP and other financing movements	1	594	608	712	4,259
Movement in CFR	515	-230	1,763	11,164	-3615

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

Minimum Revenue Provision (MRP) Policy Statement.

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

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

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

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

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

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

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

Table 3

£'000	Actual 2012/13	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Fund balances	3,657	2,092	1,895	1,435	1,320
Capital receipts	554	268	562	912	62
Earmarked reserves	8,668	13,122	12,692	11,739	14,858
Provisions	0	0	0	0	0
Contributions unapplied	2,950	1,000	500	500	500
Total Core Funds	15,829	16,482	15,649	14,586	16,740
Working Capital*	1,000	1,000	1,000	1,000	1,000
Under borrowing	14,829	14,158	14,649	14,586	15,470
Expected Investments	0	0	0	0	0

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

Affordability Prudential Indicators

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

Table 4

%	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non-HRA	8.49	8.91	10.15	9.83
HRA	40.5	40.3	40.1	40.0

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

20. Table 5

£	Actual 2012/13	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Council Tax - Band D	1.38	0.98	0.42	3.04	10.10

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

22. **Incremental impact of capital investment decisions - Housing Rent levels.**

Table 6

£	Actual 2012/13	Proposed Budget 2013/14	Forward Projection 2014/15	Forward Projection 2015/16	Forward Projection 2016/17
Weekly Housing Rent levels	40.5	40.3	40.1	40.0	40.0

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

C) Treasury Management Strategy 2013/14 - 2014/15

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

This strategy covers:

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

Borrowing

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

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 7

£'000	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
External Debt				
Debt at 1 April	85,708	85,478	87,241	98,450
Expected change in debt	-230	1,763	11,164	-3,615
Debt at 31 March	85,478	87,241	98,405	94,790
Actual Gross Debt	70,952	70,952	70,952	70,952
Under Borrowed	14,526	16,289	27,453	23,838

Within the 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 2014/15 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 purposes.

The Deputy Chief Executive (Corporate Direction) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

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total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 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 purposes.

The Chief Executive Corporate Direction reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

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.

Table 8

Operational boundary £m	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Total	85,478	87,241	98,405	94,790

- 6 **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:

Table 9

Authorised limit £m	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
General Fund	15,878	17,641	28,850	25,190
HRA	72,000	72,000	72,000	72,000
Bus Station*	7,000	7,000	0	0
Total	94,878	96,641	100,850	97,190

* Possible maximum temporary borrowing for the Bus Station.

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

HRA Debt Limit £m	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
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

Expected Movement in Interest Rates

7 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Annual Average %	Bank Rate %	PWL Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2013	0.50	2.50	4.40	4.40
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations. Growth prospects remain strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. There are, therefore, concerns that a UK recovery currently based mainly on consumer spending and the housing market, may not endure much beyond 2014. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt to GDP ratios, in some countries, continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming

ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy 2014/15 - 2016/17

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Deputy Chief Executive (Corporate Direction) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

Borrowing In Advance

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

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

Debt Restructuring

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

The reasons for any rescheduling to take place will include:

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

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

Treasury Management Limits on Activity

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

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

12 The Council is asked to approve the limits:

Table 10

£m	2014/15	2015/16	2016/17
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	16	16	16
Limits on variable interest rates based on net debt	4	4	4
Maturity Structure of fixed interest rate borrowing 2013/14			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£5m	£5m	£5m

Annual Investment Strategy

Investment policy

13 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury

Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of these reflect in the eyes of each agency. Using our ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council’s officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end 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.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in appendix 5.4 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules

14 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 Deputy Chief Executive (Corporate Direction) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. 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.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions. Additional background in the approach taken is attached at Appendix 2

15 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
 - i) Are UK banks; and/or
 - ii) Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA.

And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i) **Short Term** – F1
 - ii) **Long Term** – A
 - iii) **Individual / Financial Strength** – C (Fitch / Moody's only)
 - iv) **Support** – 3 (Fitch only)
- **Banks 2 – Part Nationalised UK Banks** – These banks will be included if they continue to be part nationalised or they meet the ratings criteria in Bank 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.
 - **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
 - **Building Societies** – the Council will use all Societies which:
 - i) meet the ratings for banks outlined above
 - Or are both:
 - ii) Eligible Institutions; and
 - iii) Have assets in excess of £500m.
 - **Money Market Funds** - AAA
 - **UK Government** (including gilts and the DMADF)
 - **Local Authorities, Parish Councils etc**

- **Supranational institutions**

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

16. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:

- no more than 5% will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;
- Sector limits will be monitored regularly for appropriateness.

17. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice requires the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

18. **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 (or equivalent)	Money Limit	Time Limit
Bank 1 Category	AAA	£5m	1yr
Bank 2 Category	AA	£5m	3yrs
Bank 3 Councils Own Bank	A	£3m	2yrs
Other Institution Limits	-	£2m	1yr
Local Authorities	N/A	£3m	1yr
Money Market Funds	AAA	£3m	liquid
DMADF	N/A	£5m	6 months

Annual Investment Strategy Approach 2013/14 – 2016/17

19. **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).

20. **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster

than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	1.00%
2017/18	2.00%

- 21 **Investment treasury indicator and limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Maximum principal sums invested > 364 days			
£m	2014/15	2015/16	2016/17
Principal sums invested > 364 days	£0	£0	£0

Where appropriate, for its cash flow generated balances, the Council will seek to utilise its business "Call Account" in order to minimise risk.

- 22 These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

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

- 0.24% historic risk of default when compared to the whole portfolio.

- 24 **Liquidity** – In respect of this area the Council seeks to maintain:

- Bank overdraft - £0.250m
- Liquid short term deposits of at least £1m available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.5 years, with a maximum of 1 year.

- 25 **Yield** - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7 day LIBID rate and in addition that the security benchmark for each individual year is:

Table 11

	1 year	2 years	3 years	4 years	5 years
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Maximum	0.24%	0.78%	1.48%	2.24%	3.11%
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Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

The proposed criteria for investments are shown in Appendix 1 for approval.

Table 12

£m	2014/15	2015/16	2016/17
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	16	16	16
Limits on variable interest rates based on net debt	4	4	4
Maturity Structure of fixed interest rate borrowing 2013/14			
	Lower	Upper	
Under 12 months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£5m	£5m	£5m

Performance Indicators

- 26 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:
- Debt - Borrowing - Average rate of borrowing for the year compared to average available
 - Debt - Average rate movement year on year
 - Investments - Internal returns above the 7 day LIBID rate

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

Treasury Management Advisers

- 27 The Council uses Sector as its treasury management advisers. The company provides a range of services which include:
- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing;
 - Debt rescheduling advice surrounding the existing portfolio;
 - Generic investment advice on interest rates, timing and investment instruments;
 - Credit ratings/market information service comprising the three main credit rating agencies;

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

4. FINANCIAL IMPLICATIONS (IB)

These are contained in the body of the report.

5. LEGAL IMPLICATIONS (AB)

These are contained in the body of the report.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

None.

8. RISK IMPLICATIONS

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

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

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

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

10. CORPORATE IMPLICATIONS

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

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

Background Papers
Capital Programme 2013/14 to 2016/17
The CIPFA Prudential Code
Treasury Management Policy
Revenue Budget 2013/14

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr KWP Lynch

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

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

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

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

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

Security, Liquidity and Yield Benchmarking

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

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

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

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

- Investments - Internal returns above the 7 day LIBID rate

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNCIL 20 FEBRUARY 2014

REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION))

LOCAL GOVERNMENT DECLARATION ON TOBACCO CONTROL



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. **PURPOSE OF REPORT**

To seek for the Council to sign the Local Government Declaration on Tobacco Control (Appendix 1) and join the Smokefree Action Coalition.

2. **RECOMMENDATION**

That the Council signs the Local Government Declaration on Tobacco Control and joins the Smokefree Action Coalition.

3. **BACKGROUND TO THE REPORT**

Every year in England more than 80,000 people die from smoking related diseases, and estimated to be 182 deaths each year in the borough. This is more than the combined total of the next six causes of preventable deaths, including alcohol and drugs misuse. Smoking accounts for one third of all deaths from respiratory disease, over one quarter of all deaths from cancer, and about one seventh of all deaths from heart disease. On average a smoker loses 10 years of life. The earlier a smoker quits the less life they lose.

The annual cost of smoking to the UK national economy has been estimated at £13.7 billion, and estimated for the borough at £23.4 million. Poorer smokers proportionately spend five times as much of their weekly household budget on smoking than do rich smokers and more likely to spend the money they save from quitting in the local community.

About half of all smokers in England work in routine and manual occupations. Workers in manual and routine jobs are twice as likely to smoke as those in managerial and professional roles. The poorer and more disadvantaged you are, the more likely you are to smoke and as a result to suffer smoking related disease. Ill health caused by smoking is therefore much more common amongst the poorest and most disadvantaged in society.

Add to these facts to the effects of smoke on children being at much greater risk of cot death, meningitis, lung infections etc ;two thirds of smokers start before they are 18; the tobacco industry needs to recruit 200,000 smokers a year to maintain current levels of consumption, replacing those who have quit or who have died from diseases related to their addiction; the illicit trade in tobacco funds the activities of organized criminal gangs and gives children access to cheap tobacco and it is seen how local action to reduce smoking prevalence will secure health ,welfare ,social, economic and environmental benefits in the borough.

The Local Government Declaration on Tobacco control is a response to the enormous and on going damage smoking is doing to communities across the country. It is a commitment to take action and a statement about a local authority's dedication to protecting their local community from the harm caused by smoking. By signing the Declaration the Council will:

- Recognise that smoking remains the greatest single cause of premature death and disease in our local community, and the major cause of health inequalities.

- Act with our local partners to help reduce smoking prevalence and health inequalities.
- Develop plans with our partners and local community to address the causes and impacts of tobacco use.
- Report on a regular basis on progress in achieving the commitments set out in these plans.
- Support and encourage the government to take action at a national level to reduce smoking prevalence.
- Protect our tobacco control work from the commercial and vested interests of the tobacco industry by not accepting any partnerships, payments, gifts and services, monetary or in kind or research funding offered by the tobacco industry to officials or employees.
- Sign the Newcastle Declaration on Tobacco Control, a cross-party statement for local authorities declaring tobacco control work to be a public health priority, and co-operate with other local authorities sharing our commitment to tobacco control, and
- Join the Smokefree Action Coalition, the national alliance of organisations working to reducing the harm caused by tobacco.

Through the Councils work with the Hinckley and Bosworth Health and Well Being Partnership we are already achieving the majority of these actions and by signing the Declaration the Council will further send a message of our commitment to our community on tobacco control.

The Smokefree Action Coalition is free to join and is an alliance of over 100 organisations including medical royal colleges, the British Medical Association, the Trading Standards Institute, the Chartered Institute of Environmental Health, the Faculty of Public Health, the Association of Directors of Public Health and ASH. The Coalition was created during the successful campaign for legislation ending smoking in enclosed public places (Health Act 2006), and has also engaged with Government on a wide range of tobacco control issues, including the introduction of standardised (“plain”) packaging for tobacco products. Membership of the Smoke free Action Coalition will be a further demonstration of this Council’s commitment to tobacco control.

4. FINANCIAL IMPLICATIONS (SE)

None, actions will be taken within existing budget

5. LEGAL IMPLICATIONS (AB)

The Local Government Declaration on Tobacco Control is not a legally binding document and signing up to it has no legal implications.

6. CORPORATE PLAN IMPLICATIONS

By signing the Declaration the Council will be demonstrating its commitment to tobacco control in the borough demonstrating a pro active service which will support individuals and empower our communities.

Reducing the prevalence of smoking remains a priority for the Leicestershire and Rutland Director of Public Health and an underpinning priority for Hinckley and Bosworth Health and Well Being Partnership.

7. CONSULTATION

Executive is supportive of the proposal.

8. RISK IMPLICATIONS

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Reputation	By adopting the Declaration the Council is demonstrating commitment to tobacco control to the community.	Steven Merry

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

No implications as the Declaration will cover the whole of the borough.

10. CORPORATE IMPLICATIONS

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

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

Background papers: 1) Local Government Declaration on Tobacco Control – Briefing Note
2) Local Government Declaration on Tobacco Control – Frequently Asked Questions

Contact Officer: Steven Merry 5735
Executive Member: Councillor David Gould

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Local Government Declaration on Tobacco Control

We acknowledge that:

- Smoking is the single greatest cause of premature death and disease in our communities;
- Reducing smoking in our communities significantly increases household incomes and benefits the local economy;
- Reducing smoking amongst the most disadvantaged in our communities is the single most important means of reducing health inequalities;
- Smoking is an addiction largely taken up by children and young people, two thirds of smokers start before the age of 18;
- Smoking is an epidemic created and sustained by the tobacco industry, which promotes uptake of smoking to replace the 80,000 people its products kill in England every year; and
- The illicit trade in tobacco funds the activities of organised criminal gangs and gives children access to cheap tobacco.

As local leaders in public health we welcome the:

- Opportunity for local government to lead local action to tackle smoking and secure the health, welfare, social, economic and environmental benefits that come from reducing smoking prevalence;
- Commitment by the government to live up to its obligations as a party to the World Health Organization's Framework Convention on Tobacco Control (FCTC) and in particular to protect the development of public health policy from the vested interests of the tobacco industry; and
- Endorsement of this declaration by the Department of Health, Public Health England and professional bodies.

We commit our Council from this dateto:

- Act at a local level to reduce smoking prevalence and health inequalities and to raise the profile of the harm caused by smoking to our communities;
- Develop plans with our partners and local communities to address the causes and impacts of tobacco use;
- Participate in local and regional networks for support;
- Support the government in taking action at national level to help local authorities reduce smoking prevalence and health inequalities in our communities;
- Protect our tobacco control work from the commercial and vested interests of the tobacco industry by not accepting any partnerships, payments, gifts and services, monetary or in kind or research funding offered by the tobacco industry to officials or employees;
- Monitor the progress of our plans against our commitments and publish the results; and
- Publicly declare our commitment to reducing smoking in our communities by joining the Smokefree Action Coalition, the alliance of organisations working to reduce the harm caused by tobacco.

Signatories

Leader of Council

Chief Executive

Director of Public Health

Endorsed by

Anna Soubry, Public Health Minister,
Department of Health

Duncan Selbie, Chief Executive,
Public Health England

Professor Dame Sally Davies, Chief Medical
Officer, Department of Health

Dr Janet Atherton, President, Association
of Directors of Public Health

Dr Lindsey Davies, President, UK Faculty
of Public Health

Graham Jukes, Chief Executive, Chartered
Institute of Environmental Health

Leon Livermore, Chief Executive, Trading
Standards Institute

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Local Government Declaration on Tobacco Control

Briefing Note

(Text in bold is taken from the Declaration)

Smoking is the single greatest cause of premature death and disease in our communities

Every year in England more than 80,000 people die from smoking related diseases. This is more than the combined total of the next six causes of preventable deaths, including alcohol and drugs misuse. Smoking accounts for one third of all deaths from respiratory disease, over one quarter of all deaths from cancer, and about one seventh of all deaths from heart disease. On average a smoker loses 10 years of life. The earlier you quit, the less life you lose.¹

Supporting information and resources on smoking and tobacco control, by English region and down to local authority level, for use by Councillors, officers and local decision-makers, can be found at www.ash.org.uk/localtoolkit.

Information on the burden of illness and disease caused by smoking, for each local authority in England, can be found at <http://www.tobaccoprofiles.info/tobacco-control>

Reducing smoking in our communities significantly increases household incomes and benefits the local economy

The annual cost of smoking to the UK national economy has been estimated at £13.7 billion. A smoker consuming a pack of twenty cigarettes a day will spend around £2,500 a year on their habit. Based on 2009 prices, poorer smokers proportionately spend five times as much of their weekly household budget on smoking than do richer smokers. If poorer smokers quit they are more likely to spend the money they save in their local communities.²

Reducing smoking amongst the most disadvantaged in our communities is the single most important means of reducing health inequalities

About half of all smokers in England work in routine and manual occupations. Workers in manual and routine jobs are twice as likely to smoke as those in managerial and professional roles. The poorer and more disadvantaged you are, the more likely you are to smoke and as a result to suffer smoking-related disease. Ill-health caused by smoking is therefore much more common amongst the poorest and most disadvantaged in society. Smoking rates are also higher among particular

¹ ASH, *Facts at a Glance*, http://www.ash.org.uk/files/documents/ASH_93.pdf (Accessed 11th April 2013)

² ASH, *The Economics of Tobacco*, http://www.ash.org.uk/files/documents/ASH_121.pdf (Accessed 11th April 2013)

ethnic groups, the prevalence rate among Afro-Caribbean men is 37% and among Bangladeshi men it is 36%.³

Smoking is an addiction largely taken up by children and young people

Two thirds of smokers start before the age of 18, and across the UK more than 200,000 children aged between 11 and 15 start to smoke every year, even though it is illegal to sell cigarettes to anyone below the age of 18. Two thirds of smokers say they began before they were legally old enough to buy cigarettes.⁴ Research shows that by the age of 20, four fifths of smokers regret they ever started. Growing up around smoke puts children at a major health disadvantage in life. Children exposed to tobacco smoke are at much greater risk of cot death, meningitis, lung infections and ear disease, resulting in around 10,000 hospital admissions each year.⁵

Smoking is an epidemic created and sustained by the tobacco industry

The tobacco industry (outside China) is dominated by four multinationals, Japan Tobacco International and Imperial Tobacco (which together account for 85% of the UK market), British American Tobacco and Philip Morris International. These firms are some of the most profitable in the world: the global tobacco market is worth about £450 billion a year. Between 2006 and 2011 Imperial Tobacco increased its UK operating margins from 62% to 67%.⁶

The tobacco industry needs to recruit 200,000 smokers a year to maintain current levels of consumption, replacing those smokers who have quit or who have died from diseases related to their addiction. The great majority of these new smokers will be under 18 years old. Although tobacco advertising is now banned in the UK, the tobacco multinationals use packaging of their products to try to attract young people in general, with specific brands aimed at target groups such as young women.⁷

The illicit trade in tobacco funds the activities of organised criminal gangs and gives children access to cheap tobacco

HM Revenue and Customs estimate that in 2010/11, the illicit market in cigarettes accounted for about 9% of the UK market, and the illicit market in hand-rolled tobacco accounted for about 38% of the UK market. The total amount of revenue lost to the Exchequer was estimated at £1.20 billion for cigarettes and £0.66 billion for hand-rolled tobacco. (All figures are mid-range estimates).

Recent research in the North of England showed that over half of smokers aged 14 to 17 have been offered illicit tobacco, and that buying rates amongst these age groups are higher than amongst older smokers.

Local authorities are key players in tackling the illicit trade, through trading standards departments and through their local partnerships with police, customs and health professionals. Regional partnerships to tackle illicit tobacco include the North of

3 ASH, *Smoking Statistics Who Smokes and How Much*, http://www.ash.org.uk/files/documents/ASH_106.pdf (Accessed 11th April 2013)

4 Office for National Statistics, *General Lifestyle Survey 2011, Chapter 1 Smoking*, <http://www.ons.gov.uk/ons/rel/ghs/general-lifestyle-survey/2011/rpt-chapter-1.html> (Accessed 11th April 2013)

5 *Smoking: Children*, <http://www.ash.org.uk/localtoolkit/docs/cllr-briefings/Children.pdf> (Accessed 11th April 2013)

6 ASH, *The UK Tobacco Industry*, http://ash.org.uk/files/documents/ASH_123.pdf (Accessed 11th April 2013)

7 Plain Packs Protect Campaign, *Smoking Facts for Kids*, <http://www.plainpacksprotect.co.uk/plain-packaging-children-teenager-smoking-facts-infographic.aspx> (Accessed 11th April 2013)

England Tackling Illicit Tobacco for Better Health Programme, the South of England Partnership and the East of England Partnership.⁸

As local leaders in public health we welcome the:

Opportunity for local government to lead local action to tackle smoking and secure the health, welfare, social, economic and environmental benefits that come from reducing smoking prevalence;

As you will know from 1st April 2013, the public health function has been transferred from the National Health Service to local authorities. Each top tier and unitary authority has its own health and wellbeing board and a Director of Public Health, and these local authorities are responsible for commissioning stop smoking and other relevant services.⁹

Commitment by the government to live up to its obligations as a party to the World Health Organization's framework convention on Tobacco control (FCTC) and in particular to protect the development of public health policy from the vested interests of the tobacco industry;

The Framework Convention on Tobacco Control (FCTC)¹⁰ is the world's first public health treaty, negotiated through the World Health Organisation. It has been ratified by more than 170 countries, including the UK. Key provisions include support for: price and tax measures to reduce the demand for tobacco products; public protection from exposure to tobacco smoke; regulation of the contents of tobacco products; controlling tobacco advertising, promotion and sponsorship; measures to reduce tobacco dependence and promote cessation; tackle illicit trade in tobacco products; and end sales to children. Article 5.3 commits Parties to protecting their public health policies from the commercial and vested interests of the tobacco industry and the UK has explicitly committed to live up to this obligation in chapter 10 of the Tobacco Control Plan for England.¹³

We commit our Council to ...

Act at a local level to reduce smoking prevalence and health inequalities and to raise the profile of the harm caused by smoking to our communities;

Develop plans with our partners and local communities to address the causes and impacts of tobacco use, according to our local priorities and securing maximum benefit for our communities;

Participate in local and regional networks for support; and

Monitor the progress of our plans against our commitments and publish the results.

It is for local authorities to decide on their priorities. The CLeaR model developed by ASH in partnership with the regional offices of tobacco control, CIEH and the TSI

⁸ All Party Parliamentary Group on Smoking and Health, *Report on the Illicit Trade in Tobacco Products*, <http://www.ash.org.uk/APPGillicit2013> (Accessed 11th April 2013)

⁹ Department of Health, *A Short Guide to Health and Wellbeing Boards*, <http://healthandcare.dh.gov.uk/hwb-guide/> (Accessed 11th April 2013)

¹⁰ World Health Organisation, *Framework Convention on Tobacco Control*, http://www.who.int/tobacco/framework/WHO_FCTC_english.pdf (Accessed 11th April 2013)

amongst others, provides a structured process for building a local tobacco plan.

<http://www.ash.org.uk/CLear>

More information can be obtained from Hazel Cheeseman at ASH

hazel.cheeseman@ash.org.uk

Any Council wishing to take a systematic approach to tobacco control will of course need to monitor and measure progress against agreed plans, and it is strongly recommended that this be done through publicly accessible reports, discussed and agreed in a public forum.

Join the Smokefree Action Coalition

The Smokefree Action Coalition is an alliance of over 100 organisations including medical royal colleges, the British Medical Association, the Trading Standards Institute, the Chartered Institute of Environmental Health, the Faculty of Public Health, the Association of Directors of Public Health and ASH. The Coalition was created during the successful campaign for legislation ending smoking in enclosed public places (Health Act 2006), and has also engaged with Government on a wide range of tobacco control issues, including the introduction of standardised (“plain”) packaging for tobacco products.¹¹ More information about the Coalition and how to join can be obtained from Hazel Cheeseman at ASH, which provides the secretariat for the SFAC. Email: hazel.cheeseman@ash.org.uk

Protect our tobacco control strategies from the commercial and vested interests of the tobacco industry by not accepting any partnerships, payments, gifts and services, monetary or in kind or research funding offered by the tobacco industry to officials or employees

Article 5.3 of the FCTC states that: *“in setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law”*. WHO guidelines on implementing Article 5.3, which were also supported by the UK Government, state that the obligations under this Article apply *“to government officials, representatives and employees of any national, state, provincial, municipal, local or other public or semi/quasi-public institution or body within the jurisdiction of a Party, and to any person acting on their behalf”*. They also recommend that public bodies covered by Article 5.3. should introduce *“measures to limit interactions with the tobacco industry and ensure the transparency of those interactions that occur; reject partnerships and non-binding or non-enforceable agreements with the tobacco industry; and avoid conflicts of interest for government officials and employees”*.¹²

The Declaration does not contain specific commitments in relation to Councils’ pension fund investments in the tobacco industry. Councils may wish to review these investments and may conclude that the tobacco industry is not an appropriate investment. Decisions of this kind must be made by trustees on advice and in accordance with their legal duties.

¹¹ Smokefree Action Coalition, <http://www.smokefreeaction.org.uk/> (Accessed 11th April 2013)

¹² World Health Organisation, *Guidelines for implementation of Article 5.3 of the*

WHO Framework Convention on Tobacco Control, http://www.who.int/fctc/guidelines/article_5_3.pdf (Accessed 11th April 2013)

Support the government in taking action at national level to help local authorities reduce smoking prevalence and health inequalities in our communities;

“Healthy Lives, Healthy People: A Tobacco Control Plan for England” was published by the Department of Health in 2011. It included commitments to implement legislation to end tobacco displays in shops; consult on “plain” (standardised packaging of tobacco products; use tax to maintain the high price of tobacco products to cut smoking prevalence; promote effective local enforcement of tobacco legislation, particularly on the age of sale of tobacco; encourage more smokers to quit through local stop smoking services; and publish a 3-year marketing strategy for tobacco control.¹³ The Government has consulted on standardised packaging and as at 17th May 2013 was still considering whether or not to proceed.

¹³ Department of Health, *Tobacco Control Plan for England* (2011), <https://www.gov.uk/government/publications/the-tobacco-control-plan-for-england> (Accessed 11th April 2013)

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SCHEDULE OF MEETINGS

1 May 2014 - 31 May 2015

		MAY '14	JUN '14	JUL '14	AUG '14	SEP '14	OCT '14	NOV '14	DEC '14	JAN '15	FEB '15	MAR '15	APR '15	MAY '15	
Council	Tuesday	20 Annual		1	12	23		4	16		19	24		19 Annual	
Executive	Wednesday	28	25		6	17	29		17	28		4	15		
Finance, Audit & Performance Committee	Monday	12	23		4	15		3		12	23		13		
Ethical Governance & Personnel Committee	Wednesday 10.30am	14		9		3	29		17		18		15		
Planning Committee	Tuesday	27	24	22	19	16	14	11	9	7	3	3 31	28	27	
Scrutiny Commission	Thursday	15		3	21		2	13		29		12	30		
