

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



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**TO BE HELD ON**

**TUESDAY, 23 SEPTEMBER 2014**

**at 6.30 pm**

## Fire Evacuation Procedures

### Council Chamber (De Montfort Suite)

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
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Date: 15 September 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 **TUESDAY, 23 SEPTEMBER 2014 at 6.30 pm**

Yours faithfully

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

Miss RK Owen  
Democratic Services Officer

### AGENDA

1. Apologies
2. Minutes of the previous meeting (Pages 1 - 12)  
To confirm the minutes of the meetings held on 1 July and 2 September 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. Questions  
To deal with questions under Council Procedure Rule number 11.1
7. Leader of the Council's Position Statement

To receive the Leader of the Council's Position Statement.

8. Minutes of the Scrutiny Commission (Pages 13 - 22)

To receive for information only the minutes of the Scrutiny Commission meeting held on 3 & 17 July and 28 August 2014.

9. Social Services Adaptations (Pages 23 - 26)

Report of the Deputy Chief Executive (Corporate Direction).

10. Anti Social Behaviour legislation (Pages 27 - 54)

Report of the Deputy Chief Executive (Community Direction).

11. Active Hinckley (Pages 55 - 58)

Report of the Deputy Chief Executive (Community Direction).

12. Statement of Accounts (Pages 59 - 180)

Report of the Deputy Chief Executive (Corporate Direction).

13. Budget Strategy 2015/16 (Pages 181 - 186)

Report of the Deputy Chief Executive (Corporate Direction).

14. New Homes Bonus (Pages 187 - 206)

Report of the Deputy Chief Executive (Corporate Direction).

15. Middlefield Lane site disposal (Pages 207 - 210)

Report of the Deputy Chief Executive (Corporate Direction).

16. Earl Shilton & Barwell Area Action Plan (Pages 211 - 276)

Report of the Deputy Chief Executive (Community Direction).

17. Statement of Community Involvement (Pages 277 - 280)

Report of the Deputy Chief Executive (Community Direction).

18. Motions received in accordance with Council Procedure Rules 13.1 and 13.2

Motion received from Councillor Gould, seconded by Councillor Hulbert:

The council notes:

- It has been estimated that the UK Treasury loses as much as £12 billion to tax dodging by multinational companies every year. Developing countries lose three times more to tax dodging than they receive in aid each year – enough to give a basic education to the 57 million children currently missing out.
- The UK has a particular responsibility to end tax dodging, as it is responsible for 1 in 5 of the world's tax havens in the British Overseas Territories and Crown Dependencies.
- The use of tax havens by UK companies is rife, with 98 of the FTSE 100 companies routinely using tax havens.
- Large multinational companies pay as little as 5% in corporate taxes globally, while smaller businesses pay up to 30%.

This council believes:

- As a local authority we have a duty to provide the best possible public services.
- Our ability to provide quality local services would be significantly enhanced by

- the increased revenues from the government tackling tax dodging.
- All who benefit from public spending should contribute their fair share.
- The UK must take a lead role in creating a fairer tax system and combatting tax dodging.

This council resolves:

- To support the campaign for tax justice, supporting the motion:

*“While many ordinary people face falling household income and rising costs of living, some multinational companies are avoiding billions of pounds of tax from a tax system that fails to make them pay their fair share. Local governments in developing countries and the UK alike would benefit from a fairer tax system where multinational companies pay their fair share, enabling authorities around the world to provide quality public services. The UK government must listen to the strength of public feeling and act to end the injustice of tax dodging by large multinational companies, in developing countries and the UK.”*

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# Agenda Item 2

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

1 JULY 2014 AT 6.30 PM

PRESENT: MR JG BANNISTER - MAYOR

Mr RG Allen, Mr PR Batty, Mr Bessant, Mr DC Bill MBE, 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, Mrs L Hodgkins, Mr MS Hulbert, Mr DW Inman, Mr C Ladkin, Mr MR Lay, Mr KWP Lynch, Mr R Mayne, Mr JS Moore, Mr MT Mullaney, Mrs J Richards, Mrs H Smith, Mr BE Sutton, Miss DM Taylor, Mr R Ward and Ms BM Witherford

Officers in attendance: Steve Atkinson, Bill Cullen, Sanjiv Kohli, Simon D Jones, Rebecca Owen, Ian Pinfold, Caroline Roffey and Julie Stay

### 60 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Boothby, Morrell, Nichols, O'Shea and Sprason.

### 61 MINUTES OF THE PREVIOUS MEETINGS

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

RESOLVED – the minutes of the meetings held on 8 April and 20 May 2014 be confirmed and signed by the Mayor.

### 62 DECLARATIONS OF INTEREST

No interests were declared at this stage.

### 63 MAYOR'S COMMUNICATIONS

During his communications, the Mayor reported on various events he had attended, along with his achievement of having climbed the three Munros.

### 64 QUESTIONS

The following questions and answers were presented to the meeting:

a) Question from Councillor PR Batty to the Executive Member for Planning:

“Bearing in mind the current traffic chaos in the vicinity of the Hinckley Hub, particularly at peak times that appears to have been exacerbated by the change in road layout and installation of traffic lights at the Rugby Road junction, can the Executive member provide any reassurance that this situation will not continue to get even worse with the start of the construction phase of the Bus Station redevelopment together with the recently announced proposals for a retail park on Hawley Road between Tesco and Lidl. How will all this construction traffic be effectively managed without adding to the gridlock that is regularly being experienced by the people of Hinckley.

Can the Executive member please confirm whether or not there is a current finalised traffic management/circulation plan in place for this part of the town that

would properly address the impact of the Bus Station development should it confound predictions and become the resounding success promised by his administration and if there is a detailed plan in place what would be the likely impact on that plan by the proposed retail park on Hawley Road, for example the significant likely increase in large delivery vehicles coming along Rugby Road from the M69 and under the railway bridge.”

Response from Councillor SL Bray:

“Cllr Batty is an experienced Councillor, he well knows that all highways matters are the responsibility of Leicestershire County Council.”

By way of supplementary question, Councillor Batty asked if HBBC had had any involvement in discussions, if they were aware whether a traffic plan was in place, and whether the County Council had invited any input into their plans. In response the Leader reminded members that a traffic plan had been a requirement of the permission for the Crescent development and had now been completed, and that the County Council’s LTP3 was focussed around growth in Hinckley so would be looking closely at the developments within and around the town.

b) Question from Councillor C Ladkin to the Executive Member for Finance:

“Can the Executive member please confirm the Council’s total spend for 2013 – 2014 on consultants and all forms of external advice and what the total projected spend is currently for this financial year.”

Response from Councillor KWP Lynch:

In 13/14, the Council spent £104,000 on Consultants. This amount £45,000 which was the cost of the Council’s appointed self employed Regeneration Officer who was shared with Oadby and Wigston Borough Council. The projected spend for this year is £100,000.

c) Question from Councillor RG Allen to the Executive Member for Leisure:

“A fixed price of £13.55m had been contracted for the new leisure centre but then the footprint of the proposed building was reduced by some 6% (the Council’s figures), surely as there would have been a significant reduction in foundation, roof and some elevation costs, can the Executive member please explain why savings could not be found to fund the improvement to competition standard of the main swimming pool as requested by Hinckley Swimming Club.”

Response from Councillor DS Cope:

“The answer to this question was essentially provided at the meeting of Council on 8 April, albeit it in response to a different question. The Leisure Centre will be the subject of the Extraordinary meeting of Council on 29 July, where you will have the opportunity to put such questions.”

In response to a supplementary question regarding the exact savings and on what it would be spent, the Executive Member repeated the intention to hold an Extraordinary Council meeting, and also said there would be an Extraordinary Scrutiny Commission which had now been agreed for 17 July.



65 LEADER OF THE COUNCIL'S POSITION STATEMENT

In his position statement, the Leader referred to the commencement of work on the bus station site, the 'highly commended' award at the MJ Awards in the category of 'Innovation in Finance', decisions of the Executive taken the previous week, and the success of schools in the Borough in the Schools Games championships.

66 MINUTES OF THE SCRUTINY COMMISSION

The Chairman of the Scrutiny Commission presented minutes of the last two meetings for information.

67 GREEN SPACE DELIVERY PLAN

Members received the Green Space Delivery Plan for consideration following the inclusion of recommendation of the Scrutiny Commission and consideration by the Hinckley Area Committee. Some discussion ensued regarding open space provision associated with new developments and whether this was better provided on or off site.

The Executive Member thanked the Green Space Team for their hard work on the Plan and in general and it was moved by Councillor Crooks, seconded by Councillor Bray and

RESOLVED –

- (i) The Green Space Delivery Plan be adopted;
- (ii) capital scheme budgets to the value of £502,445 for schemes that have identified funding over the term of the plan be agreed;
- (iii) the revenue schemes and additional maintenance costs be noted;
- (iv) funding changes and associated impact on the Special Expenses reserves identified in paragraph 4.4 of the report be noted;
- (v) the delay in some schemes pending finalisation of funding be noted;
- (vi) the delay in schemes for which developer contributions have been identified be noted;
- (vii) the delivery of the plan be delegated to the Head of Street Scene Services and the relevant Executive Member.

68 HINCKLEY & BOSWORTH COMMUNITY PLAN

Council received the refreshed Community Plan for 2014-2018. Members noted the positive work being undertaken by the Local Strategic Partnership and its delivery partners against the Community Plan priorities. It was moved by Councillor Bill, seconded by Councillor Bray and

RESOLVED – the Hinckley & Bosworth Community Plan 2014-2013 be approved.

69 PEOPLE STRATEGY

Members received the updated People Strategy 2014-2016. Members were pleased to see the investment in young people, whilst supporting the ageing workforce to continue

to work. Clarification was sought on the auto-enrolment deferral and it was explained that auto-enrolment already took place, but the automatic annual re-enrolment of those who had opted out was being deferred to 2017/18.

Concern was expressed regarding sickness absence that following a long period of low sickness absence, there had been a sharp increase over the previous year. In response it was reported that there had been a few long term sickness cases which had distorted the figures, but that in the first couple of months of 2014/15, sickness absence had again reduced and was likely to produce an outturn of around 8 days. Concern was also expressed at the suggestion that the sick pay policy may be reviewed, however members were assured that any suggested changes would be subject to full consultation and collective agreement.

With regard to the comment in the documents stating that the Council supported the principle of the living wage, a member asked why this wording was used and did not state that the Council was fully committed to the living wage. In response it was explained that, whilst all direct employees were paid above the living wage, in order to be fully committed it would be a requirement that all contractors used also had to support the living wage. It was hoped that this may be achieved in the future, but at the current time it had not been feasible.

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

RESOLVED – the People Strategy 2014 – 2016 be approved.

70 PETITION - CAMPAIGN FOR PUBLIC TOILETS FOR EARL SHILTON

Members received a report presenting a petition with 334 verified signatures which called for a new public toilet facility for Earl Shilton. Members were informed that, in accordance with the Council's Petitions Scheme and having achieved the required number of signatures, the merits of the Petition must now be debated by Council in order to decide whether the matter should proceed to the next stage and a full report should be requested.

During discussion, it was suggested that in preparing the full report and financial implications, other groups be included in discussions including the ward councillors and Town Council. A task & finish group was also suggested.

In concluding the debate, it was requested that the Petitions Scheme be reviewed as the procedure for bringing a report on the requested action seemed long-winded.

It was moved by Councillor Witherford, seconded by Councillor Bray and

RESOLVED –

- (i) a meeting be convened between officers from the Asset Management team, ward councillors and the Town Council;
- (ii) a full report on the requested action be brought to the next ordinary meeting;
- (iii) in light of the relaxing of the regulations since the adoption of the scheme, the Petitions Scheme be reviewed.

Council was informed of the position regarding Hinckley Squash and Rackets Club and the proposal to facilitate the delivery of the new Squash Club. In response to concerns from some members, it was confirmed that the viability of the club had been assured, the courts would be available for booking by the public, and independent advice had been sought on the proposal.

It was moved by Councillor Lynch, seconded by Councillor Bray, and

RESOLVED –

- (i) the positive progress made in securing the opportunity of a new site and premises for Hinckley Squash and Rackets Club be endorsed;
- (ii) the procurement arrangements set out in the report to facilitate the delivery of the new Squash Club be approved and the legal agreements required be highlighted;
- (iii) in accordance with paragraph 1.4 of the Contract Procedure Rules, the waiving of the application of all of the Contract Procedure Rules to the contract and any sub-contract or other agreement to be entered into in relation to the proposals contained within the report;
- (iv) the following supplementary budgets be approved:
  - (a) a capital budget of £998,338 + VAT + £2,380 SDLT for the capital costs of the work;
  - (b) an income budget of £1,026,104 to represent the funding to be received for the capital works;
  - (c) re-designation of the current expenditure budget of £49,000 which was to be awarded to the Squash Club but is no longer required, be set aside to meet any potential SDLT liability arising on the Squash Club.
- (v) the saving of £51,885 after legal and VAT advice costs be noted;
- (vi) the retention of the £51,885 saving in a reserve ring-fenced to meet any SDLT liability that may be incurred by the Hinckley Squash and Rackets Club due to the grant of the long lease, be approved;
- (vii) authority be delegated to the Chief Executive in consultation with the Leader of the Council and Executive Member for Finance to approve the final legal agreements subject to the community use of the facility being secured within the documentation and the financial implications being within the budgeted cost set out in the report;
- (viii) the purchase of the freehold of the land at Tungsten Park be approved and, should the Squash Club wish for it, the granting of an option to purchase for a nominal sum to HSRC in the lease agreement at the end of the 125 year lease, be agreed.

72 PAY POLICY STATEMENT

Members received the Pay Policy Statement 2014/15. During discussion on the minimum wage, whilst members were happy that the authority paid above minimum wage, they again expressed concern that contractors with whom the authority worked may not be committed to paying the minimum wage. In response it was reiterated that this would be considered when contracts came up for re-tender.

It was suggested that the Members Allowance Scheme required reviewing with a view to increasing the member's allowance, but another member felt that as employees were not receiving pay awards, members' allowances should also remain static.

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

RESOLVED – the HBBC Pay Policy Statement for 2014/15 be approved.

73 OUTTURN 2013/14

Council was presented with the draft financial outturn for 2013/14. On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED –

- (i) the draft general fund outturn for 2013/14 be approved;
- (ii) the transfers to earmarked reserves and balances be approved;
- (iii) the carry forwards of expenditure and income to 2014/15 be approved;
- (iv) the draft Housing Revenue and Housing Repairs account (HRA) outturn for 2013/14 and transfers to/from be approved;
- (v) the recommendations in respect of the year end outturn for the General Fund capital programme and the Housing Revenue Account capital programme and carry forwards be approved;
- (vi) the outturn for the Leicestershire Revenues and Benefits Partnership for 2013/14 be noted;
- (vii) the link between the outturn report and the review of reserves be noted.

74 EARMARKED RESERVES

Council was updated on the outcome of the annual review of earmarked reserves. Concern was expressed regarding the reserve for planning appeals and also, prompted by the mention of enforcement reserves, about the resources available for enforcement. In response it was reported that the appeals costs were under continuous review and that enforcement was being monitored.

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

RESOLVED –

- (i) recommended transfers from balances to earmarked reserves be approved;
- (ii) additional earmarked reserves to fund anticipated expenditure be approved.

75 PROPERTY ASSET MANAGEMENT PLAN

Members were presented with the revised Property Asset Management Plan. On the motion of Councillor Lynch, seconded by Councillor Camamile, it was

RESOLVED – the Property Asset Management Plan be approved.

76 DISPOSAL OF LAND AT BARLESTONE PLAYING FIELDS

Members were updated on the current position regarding the sale of the playing fields in Barlestone. It was moved by Councillor Lynch, seconded by Councillor Bill and

RESOLVED – the sale of playing fields to Barlestone Parish Council for the sum of £1.00 on the terms set out in the report be approved.

77 MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

On the motion of Councillor Gould seconded by Councillor Cope, it was

RESOLVED – in accordance with section 100A(4) of the Local Government Act 1972, the public be excluded from the following item of business on the grounds that it involves the disclosure of exempt information as defined in paragraphs 5 and 10 of Part I of Schedule 12A of that Act.

78 LAND CHARGES SETTLEMENT

Members received a report on the position regarding the land charges settlement. On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED – the recommendations contained within the report be approved.

(The Meeting closed at 8.23 pm)

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MAYOR

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

2 SEPTEMBER 2014 AT 6.30 PM

PRESENT: MR JG BANNISTER - MAYOR  
MR K NICHOLS – DEPUTY MAYOR

Mr RG Allen, Mr PR Batty, Mr DC Bill MBE, Mr SL Bray,  
Mrs R Camamile, Mr MB Cartwright, Mrs T Chastney, Mr DS Cope,  
Mr WJ Crooks, Mr PAS Hall, Mrs WA Hall, Mrs L Hodgkins,  
Mr MS Hulbert, Mr DW Inman, Mr C Ladkin, Mr MR Lay,  
Mr KWP Lynch, Mr R Mayne, Mr JS Moore, Mr K Morrell,  
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, Bill Cullen, Malcolm Evans, Emma Horton, Simon D Jones, Sanjiv Kohli, Karen Mason, Rebecca Owen and Katherine Plummer

142 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Bessant, Boothby, Gould, Mullaney and O’Shea.

143 DECLARATIONS OF INTEREST

No interests were declared at this stage.

144 LEISURE CENTRE

Councillor Morrell, seconded by Councillor Richards, MOVED that this item be deferred to allow for consideration of the amended recommendations. Councillor Batty and a further seven members stood to request that voting on the motion be recorded. The vote was recorded as follows:

Councillors Allen, Batty, Camamile, Chastney, Ladkin, Morrell, Richards, Smith, Sprason, Sutton and Ward voted FOR the motion (11);

Councillors Bannister, Bill, Bray, Cartwright, Cope, Crooks, Mrs Hall, Mr Hall, Hodgkins, Hulbert, Inman, Lynch, Mayne, Moore, Nichols, Taylor and Witherford voted AGAINST the motion (17);

Councillor Lay abstained from voting.

The MOTION was therefore declared LOST.

The Leader of the Council then presented and moved the progress report on the delivery of the new Hinckley Leisure Centre which included the position following site investigation work, mitigation required and related budget implications. Following consideration of the same report by the Scrutiny Commission and recommendations of that body, meetings had been held between representatives of the Developer, the Council, Hinckley Swimming Club, the Amateur Swimming Association and Leicestershire & Rutland Sport and as a result an addendum report, with revised recommendations, had been circulated to members in the supplementary agenda. The revisions to the recommendations were to add the provision of ‘raised ends’ to the pool to be funded within the existing cost envelope, to consider the inclusion of a ‘moveable floor’ in relation to the associated financial implications as outlined in the addendum

report, and amendments to recommendation 2.11 in light of the further considerations outlined.

Councillor Bray, seconded by Councillor Lynch, proposed an AMENDMENT to that in the addendum report as follows:

“that, taking into account the discussions officers have now held with Hinckley Swimming Club, the following revised set of recommendations be approved by Council:

- i. Endorse and acknowledge the importance of the new centre as a major community facility for the Borough.
- ii. Note the progress towards facilitating the delivery of the new Hinckley Leisure Centre since Council’s selection of the preferred bidder in January 2014.
- iii. Note the outcomes of the recent ground investigation survey carried out following the demolition of the former council offices on Argents Mead.
- iv. Note that despite the additional capital costs associated with ground works, the gross management fee payable to the Council under contract will remain unchanged at an average of £922,634 per annum over the twenty-year contract. This is £382,000 per annum more than the alternative bidder, or £7,640,000 more over the life of the contract.
- v. Agree to a capital allocation of £889,678.42, as detailed in section 5, to address the unforeseen ground works to allow for the construction of the new Leisure Centre.
- vi. In light of the wider implications for the Capital Programme, agree that the decision on the most appropriate method of funding the capital cost in 5 above be delegated to the Deputy Chief Executive (Corporate Direction) in consultation with the Executive Member for Finance.
- vii. Members note that the Hub Future Rental Management Reserve will be replenished from in-year underspends in future years.
- viii. Approve a base revenue budget funded from the General Fund of £20,000 from 2015/16 to fund the cost of insuring the old and new facility.
- ix. Approve a base revenue income budget of £1,900 per annum from 2015/16 to reflect income received from PFPLM to fund maintenance works. In addition, an income budget of £20,000 for 2015/16 should be approved to reflect one-off income received from PFPLM for car parking provision.
- x. That the ‘raised ends’ be incorporated into the design and delivery of the pool to be provided within the existing cost envelope.
- xi. That a moveable floor be incorporated into the design and delivery of the pool, funded by a mix of reserves and prudential borrowing.
- xii. That the authorised borrowing limit be increased by up to £705k.
- xiii. That the appropriate mix of funding support be delegated to the Deputy Chief Executive (Corporate Direction) in consultation with the Executive Member for Finance.
- xiv. Note that the draft Design, Build, Operate and Maintain contract will be prepared and undergo appropriate due diligence and the contract will be sealed in accordance with the Council’s contract procedure rules as soon as possible following approval of the recommendations in this report.”

The motion was accepted as the substantive and formed the basis of the ensuing debate.

During debate, the following points were raised:

- The impact of the additional delay in delivery and the additional costs on the MTFS resulting in the maintenance fee being received later thereby impacting on the 2016/17 budgets



- The delegation of the consideration of funding options to the Deputy Chief Executive (Corporate Direction) and the Executive Member for Finance
- The possibility of looking at asset sales to part fund the costs
- The risk of a double impact for residents in rural areas in funding the Leisure Centre via council tax when they are unlikely to use it, but also the possible reduction in or removal of New Homes Bonus and Council Tax Support funding for parishes which would have to be considered in the near future
- Concern regarding the late receipt of the supplementary agenda and the tabling of the amendment
- The need for office space within the leisure centre was queried, particularly in light of the unused space in the Hub. In response it was explained that the office space was minimal, would be also used by key partners including health and had proved very helpful in the current facility in having officers overseeing performance by the existing Leisure Centre and developing partnership initiatives with the operator. This would also be important to protect the Council's interest in the new Leisure Centre. It was confirmed that the unused space in the Hub had now been let to the Citizens Advice Bureau
- The change of company name and the continuing security of the parent company guarantee, as explained in the report and by the external legal advisor at the Scrutiny Commission meeting
- Congratulations to officers and in particular the Cultural Services Manager and his team for their hard work on this project
- Sport England's positive comments regarding the project and the wide consultation undertaken.

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

RESOLVED –

- (i) the importance of the new centre as a major community facility for the Borough be acknowledged and endorsed
- (ii) progress towards facilitating the delivery of the new Hinckley Leisure Centre since Council's selection of the preferred bidder in January 2014 be noted
- (iii) the outcomes of the recent ground investigation survey carried out following the demolition of the former council offices on Argents Mead be noted
- (iv) it be noted that, despite the additional capital costs associated with ground works, the gross management fee payable to the Council under this contract will remain unchanged at an average of £922,634 per annum over the twenty-year contract. This is £382,000 per annum more than the alternative bidder, or £7,640,000 more over the life of the contract
- (v) the capital allocation of £889,678.42 to address the unforeseen ground works to allow for the construction of the new Leisure Centre, as detailed in section 5 of the report, be agreed
- (vi) in light of the wider implications for the Capital Programme, the decision on the most appropriate method of funding the capital cost in (v) above be delegated to the Deputy Chief Executive (Corporate Direction) in consultation with the Executive Member for Finance

- (vii) the replenishment of the Hub Future Rental Management Reserve from in-year underspends in future years be noted
- (viii) a base revenue budget funded from the General Fund of £20,000 from 2015/16 to fund the cost of insuring the old and new facility be approved
- (ix) a base revenue income budget of £1,900 per annum from 2015/16 to reflect income received from PFPLM to fund maintenance works and an income budget of £20,000 for 2015/16 to reflect one-off income received from PFPLM for car parking provision be approved
- (x) the incorporation of 'raised ends' into the design and delivery of the pool within the existing cost envelope be approved
- (xi) the incorporation of a moveable floor into the design and delivery of the pool, funded by a mix of reserves and prudential borrowing, be approved
- (xii) the increase of the authorised borrowing limit by up to £705k be approved
- (xiii) a decision on the appropriate mix of funding support be delegated to the Deputy Chief Executive (Corporate Direction) in consultation with the Executive Member for Finance
- (xiv) the draft Design, Build, Operate and Maintain contract be prepared and undergo appropriate due diligence and the contract be sealed in accordance with the Council's contract procedure rules as soon as possible.

(The Meeting closed at 7.45 pm)

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MAYOR

# Agenda Item 8

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### SCRUTINY COMMISSION

3 JULY 2014 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman  
Mr C Ladkin – Vice-Chairman

Mr PR Batty, Mr PAS Hall, Mrs L Hodgkins, Mr DW Inman, Mr JS Moore and Mr K Nichols

Also in attendance: Councillor WJ Crooks and Councillor MT Mullaney

Officers in attendance: Steve Atkinson, Bill Cullen, Edwina Grant, Julie Kenny, Rebecca Owen, Sally Smith and Andrew Thompson

#### 79 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors Hulbert and Morrell.

#### 80 MINUTES

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

RESOLVED – the minutes of the meetings held on 15 May and 9 June be confirmed and signed by the Chairman.

#### 81 DECLARATIONS OF INTEREST

No interests were declared at this stage.

#### 82 RURAL AREAS REVIEW 2014

The Scrutiny Commission received the annual rural areas review which detailed services provided in the borough's rural areas. During discussion on the report, the following points were discussed:

- Fuel poverty: it was noted that work was being undertaken to provide fuel poverty advice to tenants, and also to provide advice on effective ventilation due to the apparent reluctance of residents to open windows and therefore lose heat.
- A member asked how the reduction in average household energy consumption had been measured and also the monitoring score. Officers agreed to look into this after the meeting and respond.
- Local walking groups: the popularity and growth of these was noted and it was explained that Cultural Services facilitated the groups but they were led locally.

Members felt that the report was very useful to demonstrate the level of service provision to rural areas, particularly to those residents in those areas who felt their Council Tax did not provide value for money.

RESOLVED – the report and extent of service provision be endorsed.

#### 83 HOUSING REPAIRS

Members were updated on the Housing Repairs review and progress made against the action plan. It was reported that a lot of progress had been made over the previous 18

months and a peer review by another authority had been undertaken. Whilst it was noted that customer satisfaction was high, more responses to surveys would provide a more robust view.

In relation to areas for improvement, it was reported that whilst response to repairs under priority categories 1 and 2 had improved, priority 3 and 4 cases required improved response rates.

Members were reminded that Wilmott Dixon had operated an open book system rather than schedule of rates; so, when the service was brought in-house an uplift of 20% had been applied to a former schedule of rates. A subsequent review of the schedule of rates had found that rates were still 30% lower than they should have been and a further uplift had been agreed.

Void costs remained high and additional controls had been introduced in an attempt to manage this. The additional controls would not reduce the standard of work to voids, but would enforce an audit of work necessary and undertaken. It was agreed that the performance information for 'time to re-let' would be brought back to a future meeting. In response to a member's question, it was stated that loss of rental income was not included in void costs, but was closely monitored. A member also reminded officers that the Finance, Audit & Performance Committee had asked that ward members receive updates on voids and on work undertaken to enable re-letting. It was agreed that this would be followed up. Members were also reminded that there were now tenant inspectors. It was also agreed that numbers of kitchens and bathrooms installed would be brought back, along with average costings of each, in order to assist members in understanding how much work could be undertaken within the budget.

RESOLVED –

- (i) the report be notice and progress be welcomed;
- (ii) a further report be brought back to the Commission regarding the installation of new kitchens and bathrooms.

84 ENVIRONMENTAL IMPROVEMENT PROGRAMME

The programme of environmental improvement projects for 2014/15 was presented to the Commission. Members reiterated the importance of the programme for communities, particularly also as it attracted external contributions in addition to capital expenditure. It was stated that this was likely to result in projects costing £59,647 being implemented at a net cost to this authority of £34,704 for the 2013/14 programme. In response to members' concerns, it was reported that continuity of staffing had been achieved due to succession planning and that the momentum would be maintained.

It was noted that many of the schemes were put into the programme as a result of Conservation Area appraisals the previous year and others were unpredicted schemes that arose during the period.

RESOLVED – the schemes programmed for 2014/15 be endorsed.

85 AFFORDABLE HOUSING DELIVERY

Members received an annual update on affordable housing permissions granted, completions and projections.

Concern was expressed that delivery wasn't much higher than prior to the 40% threshold being adopted, due to developers arguing about viability, and members asked how this

could be valid in light of increasing house/land prices. It was requested that officers from Coventry City Council, who were contracted to do viability assessments on HBBC's behalf, be asked to attend a future meeting to explain the methodology behind the recommendations made. It was agreed that thought needed to be given to how to strengthen the authority's case to argue against viability claims. The Chief Executive advised members that the District Councils' Network had made a submission to government, which included a strong reference to this particular difficulty.

Concern was expressed regarding commuted sums and off-site provision of affordable housing, and the risk of affordable housing being provided off-site as part of the SUEs.

RESOLVED –

- (i) the report be noted;
- (ii) viability assessments be discussed at a future meeting.

86 PLANNING APPEALS UPDATE

The Scrutiny Commission received a six monthly update on planning and enforcement appeal decisions made. It was reported that five appeals had been allowed and four had been dismissed. Members identified that, of those allowed, all but one had been an appeal against a member decision contrary to officer recommendation.

It was noted that, whilst there was a substantial reserve for appeal costs, this would not cover all appeals, as developers tended to appoint expensive Barristers and in the event that they won, the authority often had to cover the costs of the Barristers.

A member expressed concern that the planning committee was opening the authority up to high costs to be funded from tax payers' money. In response, however, it was suggested that the issue had already been raised, other authorities were in the same position, and that whilst the Inspectorate continued to encourage development, local authorities would continue to lose appeals. The Chairman agreed to inform the Chairman of the Planning Committee of the discussion which had taken place at this meeting.

RESOLVED – the report be noted and the Chairman of the Planning Committee be informed of the debate.

87 SCRUTINY COMMISSION WORK PROGRAMME 2014-2015

In considering the work programme, an update on capital projects was requested. It was felt that it would be useful for this update to be provided to the Extraordinary meeting scheduled for 17 July as the purpose of this was to receive an update on the Leisure Centre, which was usually combined with updates on all capital projects.

An update on planning enforcement was requested, particularly capacity of the service.

It was suggested that the Barwell & Earl Shilton Scrutiny Group should reconvene.

(The Meeting closed at 8.25 pm)

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CHAIRMAN

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

17 JULY 2014 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman

Mr PR Batty, Mrs L Hodgkins, Mr MS Hulbert, Mr DW Inman, Mr R Mayne (for Mr JS Moore), Mr K Morrell, Mr K Nichols and Mrs J Richards (for Mr Bessant)

Officers in attendance: Steve Atkinson, Matt Burns, Bill Cullen, Simon D Jones, Sanjiv Kohli, Karen Mason, Rebecca Owen and Katherine Plummer

96 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors Bessant, Mr Hall, Ladkin and Moore, with the following substitutions authorised in accordance with Council Procedure Rule 4:

Councillor Mayne for Councillor Moore  
Councillor Richards for Councillor Bessant.

97 DECLARATIONS OF INTEREST

No interests were declared at this stage.

98 CAPITAL PROJECTS UPDATE

The Scrutiny Commission was provided with a presentation on the key capital projects over the previous few years and also gave an update on those in progress. Amongst those mentioned were industrial estates, the Atkins Building, the Crescent, the Squash Club, the former depot site, Hinckley Hub, the Jubilee Building and the leisure centre. Officers also stated they were looking at the possibility of bringing some disused factories on Wood Street back into use in partnership with the ballet school, the college and Creative Hinckley.

In relation to the Crescent bus station development, it was reported that around 150 construction jobs would be created during the development, including locally recruited apprentices, and local art work would also be used in the development. Linked to the progress on this development was also Hinckley Squash Club, who had now been supported to find alternative accommodation.

It was noted that the site of the former Council depot on Middlefield Lane was being demolished and would soon be marketed for redevelopment. It was reported that the anticipated capital receipt was £2.2m.

With regard to the leisure centre, members were reminded that the plans had been amended to meet some of the requests received, including increased spectator seating and changing room capacity for the swimming pools. It was stated that an update on the leisure centre would be given under the next item of business. In response to a member's question, it was reported that the anticipated capital receipt on the site of the current leisure centre was £2m, but that this would depend on the market and its intended purpose. Members were assured that land valuations were undertaken regularly and re-assessed each time the MTFs was updated, and as such were the most up to date available.

It was reported that there was a 1% vacancy rate at the Hub and options for filling this were currently under discussion. In response to a member's question, it was noted that about a third of HBBC staff were home workers as this had not only reduced the space requirement in the Hub, but more importantly had been proven to improve performance and output.

99 LEISURE CENTRE

Members were informed that, whilst the original reason for calling this meeting was to provide an update on the leisure centre and report the findings of ground condition assessments following demolition of the former council offices, full information was not yet available in order to hold a full debate and therefore the Extraordinary council meeting scheduled for 29 July had been cancelled and a report on the leisure centre would be brought to a Scrutiny Commission in August and Council in early September.

It was explained that the tender process had been carried out on the basis of normal ground conditions, as was the standard context in such processes. Following the demolition of the former offices on Argents Mead, initial work had showed that the ground conditions were softer than 'normal' and gas had also been found on site. Whilst the levels of CO<sub>2</sub> found were not dangerous, it was felt that, as a public authority, there was a duty of care to neutralise the area.

Officers reported that, due to the ground conditions, piling would be necessary. Due to the historic nature of the area, the piling would be of low vibration due to its drilling style and the Environmental Health service was happy that it would not create excessive noise.

Members were reminded that there was a £0.5m contingency but that it was anticipated that the work required may exceed this. All figures would be brought to the August meeting.

It was agreed that a full report would be brought to the August meeting which would answer questions asked previously by members and asked of officers outside of the meeting as well as questions raised at this meeting, including:

- the suitability of the pool for competition;
- the additional complications due to the moveable floor;
- the extension of the current contract with SLM or operating of the current leisure centre by the new contractor.

It was noted that the relevant experts would be in attendance at the August meeting.

(The Meeting closed at 7.42 pm)

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CHAIRMAN



HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

28 AUGUST 2014 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman  
Mr C Ladkin – Vice-Chairman

Mr PR Batty, Mr PAS Hall, Mrs L Hodgkins, Mr MS Hulbert, Mr DW Inman, Mr JS Moore, Mr K Morrell, Mr K Nichols and Mrs J Richards (for Mr Bessant)

Also in attendance: Councillor JG Bannister, Councillor DS Cope and Councillor Mrs WA Hall

Officers in attendance: Steve Atkinson, Bill Cullen, Simon D Jones, Karen Mason, Rebecca Owen, Katherine Plummer and Judith Sturley

137 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Bessant, with the substitution of Councillor Richards authorised in accordance with Council Procedure Rule 4.

138 MINUTES

It was moved by Councillor Nichols, seconded by Councillor Morrell and

RESOLVED – the minutes of the meetings held on 3 and 17 July be confirmed and signed by the Chairman.

139 DECLARATIONS OF INTEREST

No interests were declared at this stage.

140 ECONOMIC REGENERATION STRATEGY - ACTION PLAN UPDATE

The Scrutiny Commission received a report on the Economic Regeneration Strategy which highlighted work undertaken over the previous year, ongoing initiatives and progress towards achieving the aims of the Action Plan.

Discussion ensued regarding the roll out of superfast broadband and in response to a member's question it was explained that whilst it wasn't possible to say how many properties would benefit, the contribution of £58,000 from this authority was small in comparison to the total project funding and also represented excellent value for money. It was reported that Leicestershire County Council was bidding for more funding with the intention that eventually the whole of the county would have superfast broadband. It was also reported that the county council would update its website as the roll out progressed. This would start in the next few weeks.

With regard to the work at MIRA, it was noted that officers had supported the successful bid for the new £10m training centre that North Warwickshire & Hinckley College would manage the training centre on the site, which was of benefit to this borough, and that the site in its entirety would draw employers from outside of the Midlands.

A member asked how many self-employed people were operating in the borough and what was being done to support them. In response it was stated that two events had been held for small businesses to help them to grow and that the BID also supported small businesses in partnership with the council.

In response to a question regarding farm diversification and contact with the National Farmers' Union (NFU), it was reported that annual meetings were held with the NFU and also that if the LEADER project was successful, more work would be undertaken in that area.

RESOLVED – the report be noted and welcomed and progress on economic regeneration activities within the borough be endorsed.

#### 141 PROGRESS TOWARDS DELIVERY OF NEW LEISURE CENTRE

Members received a report which provided an update on progress towards delivery of a new Leisure Centre. Members were reminded that the main topic for debate was the outcome of site investigation work and associated budget implications, however it was acknowledged that a commitment had been given to answer outstanding questions on the facilities to be provided within the new Leisure Centre and to allow for debate thereon.

Representatives from the Project Board were present, and representatives from Hinckley Swimming Club and the Amateur Swimming Association were invited to speak at the meeting. It was acknowledged that this was a departure from the Procedure Rules, but agreed that it would be useful to hear representations directly from those making them.

With regard to the ground conditions on the site of the former Council Offices, it was reported that due to the running sand found on site, piling would be required to a depth of 20m. The cost of the additional works would total £889,678. It was explained that this would be funded partly from the contingency set aside, and the remainder from the Hub rental future management reserve, which was no longer required for that purpose.

Some members stated they had heard that, following enquiries over ten years earlier, it had been indicated that the ground conditions in Hinckley were abnormal and the outcome of the ground condition surveys should have been foreseen or perhaps surveys should have been carried out sooner. In response officers stated they had no knowledge of the meetings where this was raised and that the former Council Offices had stood on the same footprint without issue. In addition, the presence of that building on the site prevented a full site survey which had then been taken at the earliest opportunity. It was explained also that undertaking a procurement process with costs based on normal ground conditions, with the expectation of carrying out ground condition surveys at a later stage, was not unusual. It was suggested that in future consideration be given to undertaking ground condition surveys at an initial stage.

During further discussion, the following points were raised and responses provided:

- The revised opening date of the leisure centre having to be deferred slightly, but being no later than spring 2016. The current leisure centre would continue operating until the new centre opens, with existing staff transferring to the new operator
- The change of name would not affect guarantees and the guarantee would be direct from the parent company
- In response to a confusion with regard to the reduction in footprint, it was explained that the reduction had occurred during the development stage (following the initial bid), but this had resulted in an increase in internal floor

- space. The net saving from the reduction in footprint would go towards making more effective use of the additional internal floor space
- The restrictions on sponsoring competing facilities would not affect small facilities, as it was only applicable to similar facilities within a two mile radius
  - Concern was expressed that similar ground condition issues would affect sale of the current leisure centre site. It was stated that this would be factored into the consideration of options for disposal.

In considering the facilities within the new leisure centre, the representations made by Hinckley Swimming Club were discussed at length. The main requests of the club, as a basis for a compromise to be achieved, were for a moveable floor in the main pool and for raised ends to the pool. It was also suggested that retractable spectator seating would be an additional, but not essential, requirement. The swimming club felt that, whilst enhancements had been made to the facilities originally agreed and that the facilities provided would be of a similar standard to those they had currently, these additional requests would ensure sustainability for aquatic sport in Hinckley for the future. In response to the representative's claims that consultation had not been properly undertaken, it was reported that full consultation had been carried out and had been documented in the report before members.

Representatives of PFPLM explained that the pool had been developed as a competition pool with flexibility for training, schools and club galas in order to meet the needs of the community, with the additional compromise of increased spectator seating. It was also noted that Sport England had been supportive of the proposals and the process undertaken.

There appeared to be discrepancy between the level of work and associated costs contained within the report and that which was being requested by the swimming club and as such it was suggested that the council, the development partner and the swimming club meet as soon as possible to discuss the requests in more detail. It was also felt that member oversight of the process would be beneficial to all involved. Officers were supportive of the suggestion but expressed caution with regard to delaying any decisions after the scheduled meeting of Council on 2 September. They also emphasised the hard work of all involved to get to this stage and the need to progress the development.

Having reached 9.30pm, it was moved by Councillor Nichols, seconded by Councillor Richards and

RESOLVED – the meeting be permitted to continue until conclusion of all business to be transacted.

In summarising the discussion, officers and representatives of PFPLM explained the considerations given during development of the plans, the amendments already made and consultation undertaken. They agreed to arrange the requested urgent meeting with the swimming club and ASA in advance of the Council meeting on 2 September.

RESOLVED - officers be urged to convene urgent discussions with the ASA, Hinckley Swimming Club and the Developer partners, preferably in advance of the Council meeting on 2 September 2014.

RECOMMENDED -

- (i) Council endorses these discussions in seeking to secure a compromise resolution to the requests of Hinckley Swimming Club that the scheme includes
  - a) 'raised ends' to the pool;
  - b) a movable floor

within an overall cost envelop that provides value for money and protects the level of management fee income to the Council from the operator
- (ii) That there be continuing cross-party political oversight of the progress of discussion and implementation
- (iii) That, in future projects, ground condition surveys be undertaken prior to commencing the procurement process.

(The Meeting closed at 9.37 pm)

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CHAIRMAN



## COUNCIL – 23 SEPTEMBER 2014

### SOCIAL SERVICES ADAPTATIONS - VIREMENT REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

#### WARDS AFFECTED: ALL WARDS

#### 1. PURPOSE OF REPORT

- 1.1 To inform members of the increasing pressure on the Social Services Adaptations Budget and to request a virement from the Major Voids Capital Budget to address this.

#### 2. RECOMMENDATION

- 2.1 That, in accordance with the financial procedure rules, Council approves a virement of £100,000 from the Major Voids Capital Budget to the Social Services Adaptations Capital Budget.

#### 3. BACKGROUND TO THE REPORT

- 3.1 The Housing Repairs Service has a budget of £284,388 within its capital schemes to utilise for adaptation work required to Council Housing stock. This is usually carried out following a referral from Leicestershire County Council (LCC) Adult Services. An assessment of need is undertaken by an Occupational Therapist and a scope of works drafted and agreed.
- 3.2 The scope of works can vary significantly between cases, from the addition of grab rails and key safes to locations within and outside the home through to a single storey extension with reconfigured bathrooms etc.
- 3.3 Over the last six month period, we have experienced an increase in referrals from LCC and the pace of referrals is only expected to continue. We have also experienced an increase in demand for more extensive works, particularly level access showers. This is illustrated in the table below:

	2013 / 2014	2014 / 2015 (to end August)
Total number of adaptations jobs issued	359	207
Average number per month	29.9	41.4
Total number of level access showers	46	43
Average number per month	3.8	8.6

- 3.4 To continue to deliver all adaptations anticipated for the remainder of the financial year, an additional £100,000 is required.
- 3.5 Conversely, there is currently an underspend on the Major Voids Budget. This is as a consequence of fewer voids and lower average costs. The total budget is £826,390 and as of end August 2014, there is an underspend of £111,893. To date, the Housing Repairs Service has received 100 void instructions which is lower than the same period for previous years. When extrapolated over the full year, this could result in some 30 – 40 fewer voids than the previous two years. It is therefore proposed that £100,000 of the current underspend is vired to the Adaptations Budget

to ensure adaptations continue to be delivered in accordance with tenants' needs. Given that the Major Voids Budget was based upon expected demand, there is still sufficient for the remainder of the year should the numbers increase to "normal" levels.

#### 4. FINANCIAL IMPLICATIONS [KP]

4.1 The financial implications of the proposed virement are detailed below:

	<b>Full year budget £</b>	<b>Actuals to date £</b>	<b>Proposed virement £</b>	<b>Revised budget £</b>
Major Void Works	826,390	112,206	-100,000	726,390
Social Services Adaptations	296,875	178,699	100,000	396,875
<b>Total</b>	<b>1,123,265</b>	<b>290,905</b>	<b>0</b>	<b>1,123,265</b>

4.2 In accordance with financial procedure rules, any virements over £50,000 should be approved by Council.

#### 5. LEGAL IMPLICATIONS [EH]

5.1 There are no legal implications arising from this report.

#### 6. CORPORATE PLAN IMPLICATIONS

6.1 Delivers against all of the Corporate Aims.

#### 7. RISK IMPLICATIONS

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

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
Significant variance to Adaptations Budget	Robust budget monitoring and virement request	Julie Kenny

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

9.1 Delivery of adaptations ensures that all tenants changing needs are met.

#### 10. CORPORATE IMPLICATIONS

10.1 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: Julie Kenny 01455 255985

Executive Member: Councillor Keith Lynch

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## COUNCIL

### ANTI SOCIAL BEHAVIOUR (ASB) NEW POWERS, COMMUNITY TRIGGER AND ENDEAVOUR.

#### REPORT OF CHIEF OFFICER (HOUSING, COMMUNITY SAFETY AND PARTNERSHIPS)

#### WARDS AFFECTED: ALL

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#### 1. PURPOSE OF REPORT

- 1.1 To update Council on the new Anti Social Behaviour (ASB) powers, the Community Trigger and Endeavour. To gain Council approval of an amended ASB Policy and approval for relevant amendments to the constitution to enable use of the ASB powers.

#### 2. RECOMMENDATION

That Council:

- 2.1 Note the provisions of the Anti-social Behaviour, Crime and Policing Act 2014 and grant delegated powers to the Deputy Chief Executive (Community Direction) and authorised officers to take action under Part 4 of that Act detailed in appendix 1.
- 2.2 Approve the ASB policy detailed in appendix 2
- 2.3 Note the Community Trigger detailed in section 4 and appendix 3
- 2.4 Note the work of the Endeavour team in tackling a wide range of Community Protection issues and improving public confidence.

#### 3. BACKGROUND TO THE REPORT

- 3.1 The ASB, Crime and Policing Act 2014 has introduced a variety of measures to protect the public. The key points of the new powers are:
- Focus on victims.
  - Supporting vulnerable victims and vulnerable people
  - Abolishing 19 existing orders.
  - Introducing 6 new powers to tackle ASB.
  - Introducing a Community Trigger.
  - Speeding up the process to evict tenants who cause ASB in social housing.
- 3.2 The six new ASB powers are outlined in appendix 1 and will come into force on 20<sup>th</sup> October 2014. They include:
- Injunction to prevent nuisance and annoyance
  - Criminal behaviour order
  - Community Protection notice.
  - Community Protection Notice (Public Space)
  - Community Protection Order (Closure).
  - Police Directional Powers.
- 3.3 With regard to the management of council house tenancies, there will be a new mandatory ground for possession which will be able to be used if one of five conditions exists:

- Condition 1: the tenant, member of their household or visitor to the property has been convicted of a serious offence AND either the serious offence was committed (a) in the property or in the locality, (b) committed elsewhere against a local resident, or (c) committed elsewhere against an employee of the landlord in connection with or directly or indirectly related to or affecting the landlords housing management function.

Serious offences are defined in the schedule and include:

“murder, false imprisonment, offences against a person including assault occasioning actual bodily harm, sexual offences including rape, threatening an individual with an offensive weapon in public, offenses against property including burglary, a road traffic offence including causing death by dangerous driving and drug related offenses limited to being convicted of the production and supply of controlled drugs”.

- Condition 2: Breach of an ASB injunction – the tenant or person residing with or visiting the property has breached an ASB injunction.
- Condition 3 – breach of Criminal Behaviour Order
- Condition 4 – where the premises are the subject to a closure order and as been closed for more than 48 hours
- Condition 5 - Conviction of tenant, member of their household or a visitor to the property for breach of a noise abatement notice under the statutory nuisance regime

#### **Discretionary Grounds for possession**

This can be used if a tenant or a person residing in the property has been convicted of an offence which took place during, and at the scene of, a riot in the United Kingdom (Ground 2ZA for secure tenants and Ground 14ZA for assured tenants).

#### **4 Community Trigger.**

- 4.1 The Act introduces the Community Trigger. This is a process which allows members of the community to ask the Community Safety Partnership to review the response to complaints of anti-social behaviour.
- 4.2 The Community Trigger gives victims and communities the right to require action to be taken where an ongoing problem has not been addressed. Its aim is to ensure that no-one suffering the harmful effects of anti-social behaviour and hate incidents falls through the net.
- 4.3 The Community Trigger policy is attached at appendix 2. This is a County policy and will ensure that members of the public across the County will be treated in the same way with respect to the Trigger.
- 4.4 In summary a trigger can be activated:
  - If an individual has complained to the Council, Police or a Registered Housing Provider (social landlord) about three separate incidents in their locality in the last six months.

- If three individuals in the local community have complained separately to the Council, Police or Registered Housing Provider (social landlord) in the last six months about the same incident of anti-social behaviour in the locality.
- If an individual has been a victim of a Hate Crime or Incident in the last six months.

4.5 With the structures that are in place for the management of ASB through Endeavour, officers are confident that the Community Trigger can be effectively managed. Sentinel will be key to ensuring that if a Community Trigger is activated records are held in one place so that a check can be made that the requisite number of complaints has been received and the detail of the action being taken is easily available. This will require all ASB to be recorded on Sentinel (please see point 6.8 below).

4.6 It has been agreed that Hinckley and Bosworth along with Blaby will be a pilot for the Community Trigger.

## 5 **The Community Remedy.**

5.1 The Community Remedy will give victims of low-level crime and ASB a say in the punishment of offenders out of court. This means victims will get justice quickly, and the offender has to face immediate and meaningful consequences for their actions.

5.2 Punishments could include the offender signing an acceptable behaviour contract, paying compensation to the victim, or doing local unpaid work in the community, or for the victim, such as repairing damage or scrubbing graffiti off a wall.

## 6. **Implications of the Act.**

6.1 A County ASB Task group has been preparing for the new powers and providing support to Districts. The council is represented on this task group.

### 6.2 **Training for officers and members.**

Training has been developed by the task group and will include:

- Joint police and ASB officer training covering all the new powers.
- Wider training for officers to include Environmental Health Officers and Streetscenes, for relevant parts of the Act.
- Locality scenario testing/training through the JAGS.
- Member training.

Additional Officer training will be organised if required.

### 6.3 **Review of the Incremental Approach/ASB policy**

The incremental approach which is used across the county to manage ASB has been reviewed to incorporate the new powers. The incremental approach is detailed in the ASB policy attached in appendix 3.

### 6.4 **Use of social media**

The recent discussion with the Office of Surveillance Commissioners has highlighted opportunities available to the council for using social media for ASB investigations. To embrace this relevant officers are to be given access to social media sites, for

example Face book and Twitter. Policies and procedures on usage for investigations and surveillance purposes will be drawn up and full training given to relevant officers.

#### 6.5 Extending officer powers.

The ASB powers give more tools to officers to tackle ASB. Currently some of these powers, such as serving fixed penalty notices, are only available to specific officers. Better use of officer skills and capacity could be made by extending these powers to others, in particular the ASB and Tenancy Management officers and Environmental Health Officers. This would allow these officers to issue community protection notices for lower level ASB and reduce the duplication and time taken in asking other officers to go out and deal with an issue, which is usually ended by the time those officers attend.

#### 6.6 Noise Nuisance

There will be increased powers to deal with low level noise nuisance through the use of Community Protection Notices. This will enable the council to take a proactive role in lower level noise nuisance with tools available to officers which have a legal basis, rather than just advisory measures. Noise nuisance procedures will be amended to include these new powers and noise nuisance complaint management will be included in the wider ASB policy. This will ensure that there is a standardised approach to risk management of vulnerability around all victims and perpetrators of ASB and use of Sentinel for case management/recording.

#### 6.7 Use of Sentinel.

Sentinel is an ASB case management system where all officers connected to a case can jointly case manage, including the police. It has been agreed that all case managed ASB, including noise nuisance, will be managed through Sentinel. This will also ensure that we can be confident that when a Community Trigger has been received it has reached the required threshold.

There are also other reports of ASB which are dealt with immediately and not case managed, for example fly tipping and graffiti. Ideally all these ASB reports should be captured on Sentinel, since this would provide a picture of all ASB in a locality or connected to a person, enabling better targeting of resources and coordinated action. A possible solution to this would be an interface between Uniform and Sentinel which would pull across predefined categories of ASB into Sentinel. This is currently being explored in Oadby and Wigston BC and the council may be able to use this interface at minimal cost.

### 7 Endeavour

7.1 The Endeavour team is a dedicated team that proactively works to tackle community safety and community protection issues that need a strong, partnership response. These issues could be in relation to a particular geographical place, a particular community or an individual.

7.2 Core members are HBBC Community Safety and Housing, Streetscenes and Clean Neighbourhood teams, Environmental Health, Leicestershire Police, Leicestershire Fire and Rescue Services, Leicestershire County council. Other partners and voluntary agencies work with Endeavour when needed.

7.3 The professionals within these teams bring their skills together in order to resolve anti-social behaviour, environmental problems, safety and vulnerability issues and to address community concerns. The team works in a dynamic way and are able to

respond quickly to issues and put action plans together so that problems do not escalate unnecessarily.

- 7.4 The team work on longer term projects on key community issues as well as managing and delivering a number of awareness and prevention campaigns throughout the year. A summary of key projects and campaigns managed through Endeavour are detailed in appendix four.
- 7.5 With respect to the day to day operation of Endeavour, an Endeavour co-ordinator ensures co-ordination between the partner agencies and via analysis ensures a targeted response to issues. Members of the public make contact with one of the core services and that agency can report into Endeavour if they feel it needs a wider partnership response. There is also a daily review of incidents and information by the Endeavour Co-ordinator. Weekly case review meetings take place with core members to ensure effective case management. High risk cases can be referred to the monthly Joint Action Group if required.
- 7.6 Following the Endeavour Tactical group meeting which takes places every fortnight there is an opportunity for Members to meet with key Endeavour officers to raise any issues they have. Case studies of issues which have been successfully managed through Endeavour are available if members would like further detail on the type of work undertaken by the team.
- 7.7 The Endeavour team won a national award in 2014: the IESE (Improvement and Efficiency Social Enterprise) award for Community Matters. This award was particularly pleasing since it was for making a difference to local communities, which is exactly the impact and focus wanted from the Endeavour team.
- 7.8 Next steps for the Endeavour team are to proactively use the new ASB powers and tools to further improve its effectiveness in dealing with ASB, continue to promote and deliver diversionary and educational programmes to raise awareness of ASB and community protection issues and to work with wider services, in particular with planning enforcement to explore how the Endeavour structures can assist with this area of work. An initial meeting has taken place with the Chief Development and Planning Officer and a number of areas for join up are to be explored.

## 8 FINANCIAL IMPLICATIONS (KP)

It is not thought that the new powers will create any additional cost to the Council based on the following assumptions:

- No additional staffing is required
- Training for existing officers is provided free of charge. Any additional training will be bid for through the corporate training budget
- It has been indicated by the provider that there will be minimum charge for the implementation of a Sentinel interface (see 6.7). A further report on an interface and cost will be brought forward if required.

## 9. LEGAL IMPLICATIONS [EH]

- a. Contained within the body of the report to a great extent.
- b. It is essential that those who advice on and litigate in respect of anti-social behaviour become quickly acquainted with the impending changes Though training is identified in the report this will need to be reviewed and additional support and guidance sought where necessary.

- c. The new Injunction powers replace existing powers, including ASBIs and ASBOs. This may potentially lead to increased need for joint working and also clarity in order to ensure the appropriate body takes the appropriate action.

10. CORPORATE PLAN IMPLICATIONS

- Creating a vibrant place to work and live
- Empowering communities
- Supporting individuals
- Providing value for money and pro-active services

11. CONSULTATION

11.1 None required.

12. RISK IMPLICATIONS

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Raised expectations of the public regarding new ASB powers.	Ensure officers are trained and competent in the application of the new powers.	Sharon Stacey
ASB case management and management of vulnerability undertaken differently in different teams.	Agree to the use of Sentinel as the main case management system for defined areas of ASB and ensure vulnerability is managed consistently across teams through shared procedures and approaches.	Sharon Stacey

13. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The new powers will be used for all ASB across the Borough. Vulnerability and equality issues are managed through Endeavour which strives to ensure appropriate support and signposting is in place for both victims and perpetrators of ASB. Hate crime/incident reporting is managed through Endeavour and incorporates reports relating to all equality strands.

14. CORPORATE IMPLICATIONS

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

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

Contact Officer: Sharon Stacey  
Executive Member: Councillor David Bill





Appendix 1

Measure	For what reason	By whom	Non compliance
Injunction to prevent nuisance and annoyance (IPNA)	Where a respondent has engaged in conduct or threatened to engage in conduct resulting in nuisance or annoyance. Prohibit the respondent from doing something or require them to do something	Granted by county court. Applied for by local authority, police, housing provider.	Adult – 2 years in prison or fine. Under 18 – curfew/supervision/detention for up to 3 months.
Criminal Behavior Order (CBO) – replaces ASBO	Offender has engaged in behavior that caused or was likely to cause harassment, alarm or distress to one or more persons not of the same household as the offender AND the court considers that the granting of the order will prevent the offender engaging in such behavior.	Sought by CPS on conviction of a criminal offence.	Fine or imprisonment.
Community Protection Notice	Deal with persistent low level ASB which negatively affect the community's quality of life – graffiti, noise nuisance, dog fouling, ASB in parks. Require person or body to stop doing specified things or take reasonable steps to achieve particular results.	Police, local authority or person designated by the local authority.	Fixed penalty notice or prosecution.
Community Protection Order (Public Space).	Deal with ASB in a public place and apply restrictions on how public spaces can be used.	Local authority in consultation with partners.	Fixed penalty notice or prosecution.
Community Protection Order (Closure)	Notice to close a premise for a max of 48 hours where there are reasonable ground to suspect the premises are being used or the use is likely to cause nuisance to members of the public, or there has been or likely to be disorder near the premises associated with its use and that closure is needed to prevent the nuisance from occurring/reoccurring.	Police or local authority. Full application to be heard by magistrates and premise can be closed for up to 3 months.	Criminal offence resulting in maximum of £5k fine for individuals and £20k for business and /or up t 3 months imprisonment.
Police directional order	Police can direct a person over the age of 10 to leave a locality of a public place and not to return for a specified time (cannot prevent access to home).	Police	Fine/imprisonment.

# Community Trigger

## Leicester, Leicestershire and Rutland

Responding to and tackling anti-social behaviour and hate motivated incidents is a priority for agencies across Leicester, Leicestershire and Rutland. The County, City and Rutland have strong mechanisms which allow the police, council, housing providers, other organisations and communities to work in partnership with each other to tackle anti-social behaviour and hate incidents.

We want to make sure we get it right first time, but recognise there may be occasions when we don't.

### What is a Community Trigger?

The Community Trigger is a process which allows members of the community to ask the Community Safety Partnership to review their response to complaints of anti-social behaviour. Registered Housing Providers (social landlords) will also be included in this process.

The Community Trigger gives victims and communities the right to require action to be taken where an ongoing problem has not been addressed. It helps us and you by making sure that no-one suffering the harmful effects of anti-social behaviour and hate incidents falls through the net. It will also ensure that all that can be done, is being done.

The Trigger is designed to ensure we work together to try to resolve any complaints about anti-social behaviour. We will do this by talking about the problem, sharing information and using our resources to try to reach an agreeable outcome.

The Trigger does not replace the complaints procedures of individual organisations, or your opportunity to complain to the [Local Government Ombudsman](#) or to the [Independent Police Complaints Commission](#) if you believe that your complaint has not been dealt with adequately.

Local authorities, police and health services will deal jointly with complaints raised by members of the community to try to resolve ongoing antisocial behaviour issues. Private registered providers of social housing will also have a duty to cooperate with this group, as they play a key role in tackling antisocial behaviour in local areas.

The Community Trigger is not a first port-of-call; it is only to be used if you believe that there has been a failure to respond to your complaint.

If you have experienced ASB and want to report it, please call:

Police – 101

Blaby District Council -

Charnwood Borough Council -

Harborough District Council -

Hinckley and Bosworth Borough Council -

Melton Borough Council -

North West Leicestershire District Council -

Oadby and Wigston Borough Council –

Leicester Anti Social Behaviour Unit (LASBU) –

Rutland County Council -

If you have experienced a hate Incident please contact the Hate Incident Monitoring Project – 0116 305 8263 or [www.leics.gov.uk/repothate](http://www.leics.gov.uk/repothate)

In an emergency call 999.

### **When can I use the Community Trigger?**

The Community Trigger can be used in the following situations:

- If you (as an individual) have complained to the Council, Police or a Registered Housing Provider (social landlord) about three separate incidents in your locality in the last six months.
- If three individuals in your local community have complained separately to the Council, Police or Registered Housing Provider (social landlord) in the last six months about the same incident of anti-social behaviour in the locality.
- If you have been a victim of a Hate Crime or Incident in the last six months.

It should also be noted that in order for a Community Trigger to be considered you must have made your initial complaint of the ASB within one calendar month of the incident occurring.

Furthermore you must request the Community Trigger to be activated within six months of the date of that initial complaint.

### **How do I activate the Community Trigger?**

In order to activate the Community Trigger you are required to complete the attached form and forward it to [Community Safety Manager email / postal address](#).

### **What can I expect?**

Once you have asked for a Community Trigger to be activated, the Manager of the Community Safety Team or Anti- Social Behaviour Team shall acknowledge your request within 5 working days.

They shall then ask the agencies involved to provide details of your complaints and actions that they have considered and taken to date and discuss these at a panel meeting.

You shall then be informed if your enquiry meets the threshold and whether a Community Trigger will be activated. If it does not meet the threshold you shall be informed with an explanation on how the decision was reached.

If it does meet the threshold, a meeting will take place between officers from the appropriate Community Safety Partnership agencies who have had an involvement in the case, including the Registered Housing Provider and other partners (if they are involved) to discuss the anti-social behaviour and what actions have been considered and taken. The group will review how the Partnership has responded and draft a report of its findings.

A response will be sent to you by the Manager of the Community Safety Team, explaining the action taken and also suggestions on how the Partnership will attempt to resolve the anti-social behaviour.

### **Appeals**

If you are not entirely satisfied with the response you receive you have the right to an appeal.

The appeal shall be conducted by the Chair of the Community Safety Partnership, who shall convene a meeting of senior officers of the Partnership in order to discuss your case further.

### **Equality and Diversity**

We value diversity across Leicester, Leicestershire and Rutland and work to ensure that it is an inclusive sub region. Community Trigger applications may be rejected if they are thought to be prejudicial, discriminatory, malicious, unreasonable, vexatious or frivolous.

## ENDEAVOUR Appendix 3



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

## Hinckley and Bosworth Borough Council

### Anti-Social Behaviour Policy

October 2014

**Review date:**

**This policy will be reviewed in October 2016 or at an earlier date should the need arise due to changes in legislation**

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# 1. TACKLING ANTI SOCIAL BEHAVIOUR - OUR POLICY

Anti-social behaviour can affect anyone and can have serious consequences for both individuals and communities alike. As such, Hinckley and Bosworth Borough Council is committed to working in partnership with agencies to challenge and prevent anti-social behaviour across our Borough.

## 1.1 Our Priorities

- To ensure that every member of the community is able to safely and peacefully enjoy their home and neighbourhood.
- The problem of anti-social behaviour is robustly challenged across the Borough
- Offenders or anti-social behaviour are challenged about their behaviour in a timely way
- Early prevention is put in place for those responsible for causing anti-social behaviour within our Borough
- Communities are educated about the consequences of anti-social behaviour
- Local residents feel confident to report their concerns
- Local residents feel satisfied with our response in relation to their complaint and the outcome achieved.
- Vulnerable people in our communities are identified and supported
- Repeat offending is reduced

## 2. What is Anti-Social Behaviour?

Anti-social behaviour can include a variety of behaviour which adversely affects an individual or community. The Crime and Disorder Act 1998 defines anti-social behaviour as “acting in a manner likely to cause harassment, alarm or distress to an individual not of the same household”.

### Types of anti-social behaviour include:

- Harassment (including racial harassment, homophobic harassment, and harassment on religious grounds)
- Verbal and physical abuse and Intimidation
- Damage to property, including graffiti and vandalism
- Nuisance from vehicles, including parking, street repairs, and abandoned cars
- Noise – music, vehicles, alarms, and other types of noise
- Littering and fly-tipping (includes dumping of rubbish, white-goods, and furniture)
- Using and/or selling drugs



### 3. Working In Partnership

Hinckley and Bosworth Borough Council is committed to working in partnership to challenge and tackle anti-social behaviour within our Borough. The Endeavour team is a dedicated community protection team which seeks to co-ordinate a multi-agency response to dealing with all community protection concerns including anti-social behaviour. The Endeavour team comprises a number of agencies including: the Borough Council, the Police, Leicestershire County Council, and Leicestershire Fire and Rescue Service.

### 4. Customer Satisfaction

Hinckley and Bosworth Borough Council are committed to providing an effective service to our customers. As such, every month we will randomly select a number of complainants and ask for their assistance in completing a short customer satisfaction survey. We will use this information to continuously improve our service delivery.

### 5. Community Remedies

The Community Remedy gives victims of low-level crime and anti-social behaviour a say in the punishment of offenders out of court. This means victims will get justice quickly, and the offender has to face immediate and meaningful consequences for their actions.

Punishments could include the offender signing an acceptable behaviour contract, paying compensation to the victim, or doing local unpaid work in the community. Any arrangement is determined in consultation with the victim of the anti-social behaviour.

### 6. The Community Trigger

The Community Trigger is a process which allows members of the community to ask the Hinckley and Bosworth Community Safety Partnership to review their response to complaints of anti-social behaviour. The Community Trigger can be used in the following situations:

- If you (as an individual) have complained to the Council, Police or a Registered Housing Provider (social landlord) about **three separate incidents** in your locality in the last six months.
- If **three individuals** in your local community have complained separately to the Council, Police or Registered Housing Provider (social landlord) in the last six months about the same incident of anti-social behaviour in the locality.
- If you have been a **victim of a Hate Crime or Incident** in the last six months.

## **7 Our Approach To Tackling Anti-Social Behaviour**

### **The Incremental Approach**

Hinckley and Bosworth Borough Council follow an incremental approach to responding to and taking action against those individuals causing anti-social behaviour in our Borough. We aim to provide a consistent and proportionate response towards all perpetrators of anti-social behaviour.

We recognise that in some circumstances individuals causing anti-social behaviour will not realise that their behaviour is impacting on others therefore, where appropriate, referrals to other supportive agencies will be made.

### **Advice**

To alert the person/parent that their behaviour has been of concern to others.

### **Warning**

Formal verbal or written warning to the person about their behaviour.

### **Acceptable Behaviour Contract**

A voluntary contract to try and manage and curtail a person's anti-social behaviour by offering additional multi-agency support.

### **Mediation**

Hinckley and Bosworth Borough Council has a number of trained mediators who can facilitate mediation between complainants. Mediation is not applicable in all circumstances.

### **Enforcement**

Enforcement action is sometimes the only measure available to the Borough Council to prevent further anti-social behaviour.

There are a number of civil sanctions the council is able to utilise to legally challenge a person causing anti-social behaviour. This list is not exhaustive but includes:

- The Injunction
- The Community Protection Notice
- Noise Abatement Notice
- Possession proceedings (further information is detailed below)

The Borough Council will also work in partnership with the police to consider criminal sanctions where appropriate.

## **Neighbour Disputes**

Not all neighbour disputes should be dealt with as anti-social behaviour. Depending on the circumstances of a complaint, a complainant may be advised to contact their own legal advice in relation to their complaint.

## **8. Anti-Social Behaviour Caused By Our Tenants.**

### **Responsibilities Of The Tenant**

The tenancy agreement clearly states that a tenant will not cause nuisance or annoyance or allow it to be caused at the property. By signing the tenancy agreement the tenant has effectively said they will not cause any anti-social behaviour at their property or allow their visitors to cause any anti-social behaviour.

### **Responsibilities Of The Landlord**

Hinckley and Bosworth Borough Council will not tolerate persistent anti-social behaviour or nuisance caused by its tenants. There are a number of measures the Council would look to take in line with the incremental approach to ensure that those tenants causing anti-social behaviour are effectively dealt with.

### **Possession Proceedings**

In some circumstances, a tenant will continue to cause anti-social behaviour despite warnings and other interventions. In these rare circumstances the Council may look to take action against a person's home. Possession proceedings are always a last resort.

### **Introductory Tenancies**

In some circumstances the Borough Council will take action to end an introductory tenancy due to reports of anti-social behaviour caused by its tenant.

### **Demoted Tenancies**

In some circumstances the Borough Council will look to demote a tenant(s) security of tenure to introductory status if they are responsible for anti-social behaviour occurring at their address

### **Mandatory Route For Possession**

In some circumstances Hinckley and Bosworth Borough Council may look to commence possession proceedings against a person's home when other measures within the incremental approach have not been taken. These circumstances include circumstances in which one of the following conditions

is met, although the Borough Council reserves the right to use discretion on a case by case basis:

Condition 1 - Conviction of Serious Offence

Condition 2 - Breach of an ASB injunction – the tenant or person residing with or visiting the property has breached an ASB injunction. The breach complained of must occur in the locality of the property or elsewhere if the affected person resides in the locality or the affected person is against an employee of the landlord in connection with or directly or indirectly related to or affecting the landlords housing management function.

Condition 3 – Breach of Criminal Behaviour Order

Condition 4 – Where the premises are the subject to a closure order and as been closed for more than 48 hours

Condition 5 - Conviction of tenant, member of their household or a visitor to the property for breach of a noise abatement notice under the statutory nuisance regime

## **9. Education**

We believe that education is key to preventing and reducing anti-social behaviour across our Borough. As such, the Endeavour team has established good links with all school providers to ensure that students receive regular information about the consequences of anti-social behaviour and the impact it can have on both the person and the community. Throughout the year, other information about what anti-social behaviour is and its consequences is disseminated to neighbourhoods within our Borough.

## **10. Support For Victims And Witnesses Of Anti-Social Behaviour**

We recognise that being a witness or victim of anti-social can be hugely upsetting and distressing. As such, anybody reporting a complaint of anti-social behaviour can expect the following response:

To be treated with respect

To have a response from an officer with 2 working day

To have/be offered a personal visit by the investigating officer where appropriate.

To have regular updates regarding their case

To keep their complaint confidential if they chose

To be informed about the way their complaint is dealt with

To have access to other victim and witness support services

## **10.1 Support For Our Tenants- Management Moves**

In some circumstances a managed move for a victim of witness of anti-social behaviour may be considered. The decision on whether or not to move a tenant will be taken on a case by case basis.

## **11. Support For Vulnerable People**

We recognises the need to support residents who, from time to time, have difficulty in managing their tenancy because of mental health concerns, learning disabilities, physical disabilities or other factors. Through the Endeavour Team Hinckley and Bosworth Borough Council works in partnership to ensure that vulnerable members of our communities are supported.

## **12 Equality And Diversity Commitment**

**The Equality Duty (Equality Act 2010) ensures that public bodies consider the needs of all individuals in their day to day work and functions. It is expected that each of the partners within the Endeavour Team are committed to ensuring fairness and accessibility for all and that they take the following general public duties very seriously:**

- Eliminate discrimination, harassment, victimisation and other conduct that is unlawful under the Act**
- Advance equality of opportunity between people who share a protected characteristic (see below) and those who do not**
- Foster good relations between persons who share a protected characteristic and those who do not**

**It is expected that all partners pay due regard to the nine protected characteristics: Age; Gender; Gender re-assignment; Disability (including physical disability, learning disability, mental health and long-term illness); Ethnicity & Race; Sexual orientation; Religion & belief; Marital status & civil partnership; pregnancy & maternity.**



### **Endeavour Campaigns.**

- Christmas campaign
- Love My Neighbourhood week.
- Frost Morning leaflet.
- Hate campaign
- Pavement parking campaign
- Dog fouling campaign
- Neighbourhood takes charge
- Road Safety Car
- Full summer activities diversionary programme.
- Safety crew
- Dangerous dog campaign
- Illicit tobacco campaign

### **Projects managed by Endeavour.**

- Increased youth provision in Earl Shilton.
- Resolved long standing roadside car sales in Markfield.
- Work on illegal money lending – Hinckley and Bosworth has 4 out of 20 hot spot areas in the county – link with summer campaign. Partnership training and public awareness raising
- Warning Zone – support for schools. All Year 6 pupils supported to attend interactive safety learning centre
- Hoarding work – task and finish group formed to work up an approach to tackling hoarding from which multi agency case management approach adopted.
- Neighbourhood Takes Charge project managed by Endeavour

Neighbourhood Takes Charge is an innovative community involvement project which has been initiated by the Endeavour Team. The model is based on taking a very small area and liaising with the community on the issues they have within their area.

- Embedded fire fighter at JCC.

### **Schools work**

- Workshops delivered to all year 7/8 pupils on ASB, hate crime, disability awareness, drugs and alcohol
- Year to date delivered workshops to 1852 young people

- Successful funding bid for Year 5 ASB Junior Endeavour Intervention Project – ASB Busters- started delivery in March

### **Support Services**

- Supported 171 victims Domestic abuse
- Alcohol misuse service supported 44 local people, 29 new to the service, with alcohol misuse issues
- 2 weekly alcohol support group running – 10 members
- Therapeutic work with 11 children who have witnessed domestic abuse
- Safe at home scheme fitted security measures in 80+ homes of vulnerable/ at risk of harm individuals (feelings of safety rose from 1 to 9)









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## COUNCIL – 23 SEPTEMBER 2014

### 'ACTIVE HINCKLEY' SCHEME REPORT OF DEPUTY CHIEF EXECUTIVE – COMMUNITY DIRECTION

#### WARDS AFFECTED: HINCKLEY LOCALITY AND SURROUNDING AREA.

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#### 1. PURPOSE OF REPORT

To inform Council of a new externally funded cycling and walking scheme called 'Active Hinckley.' The report provides details of the £110,000 scheme, which will be externally funded via Department of Transport's Local Sustainable Transport Fund (LSTF). Officers from Hinckley and Bosworth Borough Council have worked in close partnership with Officers from Leicestershire County Council (LCC) to secure this funding. In accordance with the Authority's Financial Procedure rules, Officers require approval for the creation of a new budget for the 'Active Hinckley' scheme for 2014/15.

#### 2. RECOMMENDATIONS

That, Council agrees to the following;

- 2.1 Welcomes the securing of this external £110,000 grant aid funding for the 'Active Hinckley' scheme.
- 2.2 Approves the creation of income and expenditure budgets of £45,000 for 2014/15 and £65,000 for 2015/16, to be funded from the external grant via Department of Transport's Local Sustainable Transport Fund, which will be issued by Leicestershire County Council.

#### 3. BACKGROUND TO THE REPORT

- 3.1 Members will be aware that Hinckley is the current focus for the Local Transport Plan 3 in Leicestershire, whereby a number of capital infrastructure improvements are being delivered in the Hinckley urban area.
- 3.2 HBBC Officers have worked closely with LCC, who submitted a £65,000 complementary revenue application to Department of Transport (DfT) for LSTF for the wider programme 'Smarter travel for Business' that focuses on a number of interventions for the Hinckley Area.
- 3.3 This scheme complements the work being coordinated and delivered as part of the Sport & Physical Activity Commissioning, funded via Public Health and LCC.

#### 4. ACTIVE HINCKLEY SCHEME

- 4.1 As part of the bid, HBBC provided proposals for the 'Active Hinckley' project which falls under the theme 'Getting to work and training' and was initially planned for delivery commencing in April 2015 for a one year period. The scheme in essence will appoint Active Travel Development Officer(s), on a fixed term basis, with a working budget for the delivery of a number of measures including work with small, medium and large businesses to develop a package of Active Travel and sustainable travel interventions for their workforces. In simple terms, encouraging residents and employees to utilise the new cycling and footpath networks being installed as part of the LTP 3 project.

- 4.2 LCC have informed HBBC on 14/8/14 that the LSTF application was approved and that DfT would like to provide additional funding to accelerate the Active Hinckley project to commence in September 14/15, thus extending the project by 6 months. The funding associated with accelerating this programme is an additional £45,000.
- 4.3 Hence, Officers are seeking the support of Council to establish a supplementary budget of £45,000 in respect of this grant funding for 2014/15.
- 4.4 The grant funding of £65,000 the Council receives in 2015/16 will be incorporated as part of the normal budget preparation process.
- 4.5 Conditions of the funding will include the signing of a Memorandum of Understanding with Leicestershire County Council. A project team, led by Cultural Services will be set up to oversee progress of the project against agreed targets as set out in the project action plan.
- 4.6 Performance updates will be provided to various partnerships including Town Centre, Health & Wellbeing and to Members.
- 4.7 It should be noted that all costs associated with this scheme will be met via the external funding grant.

5. EXPECTED BENEFITS

- 5.1 The scheme is anticipated to achieve the following outcomes:
- Improve health & wellbeing to employees who change their mode of transport to the work place
  - Reduce sickness absenteeism and increase productivity at these targeted businesses
  - Reduce the carbon emissions into the environment
  - Increase the number of residents who walk or cycle
  - Positively promote cycle safety
  - Reduce pressure on town centre car parking requirements
  - Encourage families to utilise the new infra-structure

6. FINANCIAL IMPLICATIONS AQ

A total of four supplementary budgets are needing to be created over two years as follows:

	2014/2015	2015/2016	TOTALS
<b>Income Budget</b>	<b>(45,000)</b>	<b>(65,000)</b>	<b>(110,000)</b>
<b>Expenditure Budget</b>	<b>45,000</b>	<b>65,000</b>	<b>110,000</b>

All costs associated with the scheme will be met from the grant funding. It is envisaged, the 2014/2015 element will also be used for the appointment of FTE Active Travel Development Officer(s) (potentially mid range at grade 5).

Due to the amount of grant funding, in accordance with the financial procedure rules, this is requiring full Council approval.

## 7. LEGAL IMPLICATIONS EH

A Memorandum of Understanding is not a legally enforceable agreement but just documents an agreement between the parties. They are commonly used in relation to such projects but do offer limited protection. The agreement will be looked at by the legal department prior to being signed on behalf of the Council.

Other conditions attached to the funding will need to be complied with and targets achieved in order to ensure that it is properly applied and cannot be reclaimed.

## 8. CORPORATE PLAN IMPLICATIONS

This project will assist the Council in achieving the following key priorities:

- Improve health and wellbeing and sustain economic growth
- Reduce our impact on the environment
- Accessible services for all and to value partnerships

## 9. CONSULTATION

Officers will liaise with stakeholders such as local cycling clubs and walking groups in developing this scheme.

## 10. RISK IMPLICATIONS

None specific for this report.

## 11. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The development will be of benefit to residents of the Borough that either live or work in the locality. Although the wider LSTF programme has a specific focus on Hinckley, it is envisaged that the Active Hinckley element will be of benefit to people wider than this locality.

## 12. CORPORATE IMPLICATIONS

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

- ICT implications
- Asset Management implications
- Human Resources implications

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Background papers: None  
Contact Officer: Karen Mason, x5847  
Executive Member: Cllr David Cope

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Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**COUNCIL – 23<sup>RD</sup> SEPTEMBER 2014**

**RE: STATEMENT OF ACCOUNTS 2013/2014**  
**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**WARDS AFFECTED: ALL WARDS**

**1. PURPOSE OF REPORT**

1.1 To seek approval of the Council's Statement of Accounts, including the Annual Governance Statement (the Statement) for 2013/2014.

**2. RECOMMENDATION**

2.1 That Council approve the Statement of Accounts for the year 2013/2014

2.2 That Council note that an "unqualified" audit opinion is expected from the Council's external auditors as reported in their "Report to those charged with governance (ISA (UK&I) 260)".









**3. BACKGROUND TO THE REPORT**

3.1 Under the terms of the Accounts and Audit Regulations 2011, each local authority is required to prepare a Statement of Accounts (the Statement) by 30<sup>th</sup> June following the end of the year to which they relate. This draft Statement is signed by the Section 151 Officer as being a "true and fair" representation of the Council's financial performance during the year and financial position at year end. This was achieved for 2013/2014 and the draft Statement was approved by the Deputy Chief Executive (Corporate Direction) on 26<sup>th</sup> June 2014.

3.2 The Accounts and Audit Regulations 2011 also require that the Statement is approved by members and published by 30<sup>th</sup> September each year. Between June and September the Statement is subject to external audit and the auditors findings are outlined in their "Report to those charged with governance (ISA (UK&I) 260)" which was reported to the Finance, Audit and Performance Committee on 15<sup>th</sup> September 2014.

3.3 An extract from the auditors report is provided below.

	2012/13	2013/14	Comments
Quality of accounts and working papers			The Council prepared its accounts on a timely basis and a first draft of the accounts was available at the start of the audit. Our audit identified no significant issues with respect to the quality of the draft accounts presented for audit. One minor area for improvement noted was the incorporation of the changes to the pension's accounting standard. Working papers were available for audit on time and were of a good standard.

Readiness for start of audit and availability and responsiveness of staff			Key staff were available during the audit to address any audit queries and the Finance Team responded positively to any audit questions and requests for information.
Significant audit and accounting issues			Our audit identified no significant issues. A small number of audit and accounting matters arose during our work.
Deficiencies in internal control systems			We have not identified any significant issues with respect to the effectiveness of the Council's internal controls this year.
Value for Money conclusion			Based upon the work that we have completed to date we expect to be able to conclude positively on the two criteria we are required to assess and give an unqualified conclusion on the Council's use of resources.

### Key



**Red** – significant improvements required



**Amber** – some improvements required



**Green** – no or some minor improvements required

3.4 The Statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement has been prepared on the basis of International Financial Reporting Standards (IFRS).

3.5 The Statement comprises the following financial statements:

- Statement of Movements in Reserves
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statement

In addition, the following supplementary statements with accompanying notes have been produced:

- Housing Revenue Account
- Housing Repairs Account
- Collection Fund

3.6 The Council's Statement for 2013/2014 is appended to this report. Pending approval of recommendation 2.1, the final Statement will be approved and formally signed by the Deputy Chief Executive (Corporate Direction). The Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive. The completed Statement

will be published on the Council's website and an advert placed in local press to advise of this.

Notable items in the Statement for 2013/2014

3.7 Material changes required by the Code or resulting from management decisions that have impacted the 2013/2014 Statement for this Council have been summarised below for reference:

<b>Change</b>	<b>Source of change</b>	<b>Impact</b>
<p><u>Business Rates Retention</u></p> <p>The Local Government Finance Act (2012) introduced the Business Rates Retention system from 1<sup>st</sup> April 2013. The 2013/2014 Statement therefore includes a number of "new" entries and balances required to reflect the transactions and balances required by the scheme and the associated pooling regime.</p>	Code	<p>The Statement includes the following significant balances and transactions relating to Business Rates Retention:</p> <ul style="list-style-type: none"> <li>• A £0.177million "levy" payment to the pool is shown within creditors to reflect 50% of the growth achieved in 2013/2014.</li> <li>• A £0.424 million grant received to compensate for Small Business Rates Relief is included in the Comprehensive Income and Expenditure Account and disclosed in note 31.</li> <li>• A provision of £0.215 million is disclosed in note 21 – this balance represents an estimate of the value of NNDR appeals that were lodged as at 31<sup>st</sup> March and may require settlement in 2014/2015. This balance is 40% of the total estimate provision, in line with the applicable retention percentages</li> </ul> <p>A summary of these transactions and the position of the Leicestershire Pool is also provided for readers of the Statement within the Explanatory Forward.</p>
<p><u>Post Balance Sheet Events</u></p> <p>The Code requires that the impact and significance of any events that occur between the end of the reporting period and the date when the Statement is authorized for use are considered.</p> <p>An adjustment is made to the Statement</p>	Management decision	<p>The following transactions have been reflected as non-adjusting post balance sheet events in note 5 to the Statement:</p> <ul style="list-style-type: none"> <li>• Town Centre Redevelopment – the initial £7million loan to Tin Hat Partnership and subsequent repayment</li> </ul>

<p>where events provide evidence of conditions that existed at the end of the reporting period. Where events are only indicative of conditions, no adjustment is made but a disclosure is included where the impact is deemed material.</p>		<ul style="list-style-type: none"> <li>• Town Centre Redevelopment – transfer of assets owned by the Council as part of the general vesting</li> <li>• Capital receipt (second installment) received for Stoke Road site</li> </ul>
<p><u>Significant Income</u></p> <p>The Council has been awarded two material streams of funding which are:</p> <ul style="list-style-type: none"> <li>• Regional Growth Funding for works to the A5 and MIRA Enterprise Zone: £2.809 million received in 2012/2013 and £11.875 million received in 2013/2014</li> <li>• Funding from the Department of Energy and Climate Change (DECC) for works to properties to improve sustainability: £3.093 million received in 2012/2013.</li> </ul> <p>In both cases, the Council acts as the “accountable body” for these funds, transferring designated elements to third parties to perform capital/revenue work.</p>	<p>Management decision</p>	<p>As funding has not been spent in full in 2013/14, the unspent cash balance is shown on the Balance Sheet as at 31<sup>st</sup> March 2014 (£10.780 million RGF and £0.573million DECC). The amounts that will be paid out from these balances are shown separately within creditors (money that will be spent by third parties) and “Unapplied Grants and Contributions” (funds which will be spent by the Council for the project).</p> <p>Because of the material level of funds that have been received and deferred in year relating to the RGF (£10.534 million), this amount is separately disclosed on the face of the Comprehensive Income and Expenditure Account in order to ensure transparency of reporting.</p>

#### 2013/2014 Outturn

3.8 The draft outturn for 2013/2014 was reported to Council in July 2014. Following completion of the Statement of Accounts, it can be confirmed that the total under spend for the year is £1.310million, resulting in closing General Fund balances of £2.204 million. Outturn books are available in the members room.

#### 4. FINANCIAL IMPLICATIONS [KP]

The cost of the statutory External Audit of the Statement for 2013/2014 is £64,980 as outlined in note 30 to the Statement.

The cost of advertising the audit and publication of the 2013/2014 Statement is £381 (actual) and £175 (estimated) respectively.

#### 5. LEGAL IMPLICATIONS (EH)

Contained in the body of the report

#### 6. CORPORATE PLAN IMPLICATIONS

The Statement reflects spending of the Council and therefore ultimately all Corporate Plan aims.

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

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

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

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

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
None		

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

There are none

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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Background Papers:      Civica Financial Files  
                                    Statement of Accounts  
                                    "Report to those charged with governance (ISA (UK&I) 260)"

Author:                      Katherine Plummer, Head of Finance ext 5609

Executive Member:      Cllr KWP Lynch

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Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

# Statement of Accounts



2013/2014

## EXPLANATORY foreword

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The Council's Statement of Accounts (the Statements) for the year ended 31st March 2014 are set out from page 28. The Statements have been prepared in accordance with the 2013/14 edition of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and International Financial Reporting Standards (IFRS). The Statements present the financial affairs of the Council in accordance with the Service Reporting Code of Practice (SeRCOP).

The Statements consist of:

- The Statement of Accounting Policies  
*This document explains the basis of the figures included in the Statements. The Statement can be properly appreciated only if the policies, accounting estimates and judgements, which have been followed in dealing with material items, are explained.*
- The Statement of Responsibilities  
*This sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of preparation of the Statement of Accounts.*
- The Movement in Reserves Statement  
*This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (these reserves can be applied to fund expenditure or reduce local taxation) and other reserves analysed as 'unusable reserves'.*
- The Comprehensive Income and Expenditure Statement  
*This Statement shows the accounting cost in the year of providing services and income to fund the cost of providing this service from a combination of Council Tax, National-Non Domestic Rates and grants from Government.*
- The Balance Sheet  
*This shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date.*
- The Cash Flow Statement  
*This provides a summary of the inflows and outflows of cash arising from transactions with third parties during the financial year. Internal transfers are thus excluded from expenditure and income.*
- The Housing Revenue Statement  
*This Statement reflects a statutory obligation to account separately for housing provision. It shows the major elements of housing revenue expenditure and how these are met from rents, subsidy and other income. This account is reported using two statements – the Housing Revenue Account Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement*
- The Collection Fund Comprehensive Income and Expenditure Statement  
*Shows the transactions relating to the collection of Council Tax, and National Non-Domestic Rates.*

These Statements are supported by accompanying notes.



## EXPLANATORY foreword

### The 2013/14 Outturn

The outturn for 2013/14 saw an improvement in the financial position of the Council compared with that anticipated when the Budget was prepared in the autumn of 2013. At the start of the financial year, due to early management direction on the need to fund further in year efficiencies, the Council was able to make a contribution of £568,000 from General Fund balances to earmarked reserves to ensure availability of sufficient funds for future pressures and capital projects (e.g. the Leisure Centre). Taking this into account, the total under spend for the Council at year end was £1,309,725. The main reasons for the variations were:-

- Salary savings across all service areas
- Additional income from development control
- Additional Council Tax and NNDR legal costs recovered
- Further efficiencies from the waste and recycling service
- Business Rates growth under the new Business Rates Retention scheme

The reasons for the variations were considered by the Strategic Leadership and Corporate Operations Board and both were satisfied that the circumstances leading to the under spend had not impacted on the level of service provided by the Council.

Details of all budget variances were supplied to Council, Finance Audit and Performance Committee and the Executive following the year end.

A summary position to 31st March 2014 is set out below

	<b>Original Estimate £</b>	<b>Latest Estimate £</b>	<b>Out Turn £</b>
Central Services	3,150,770	2,506,293	1,638,094
Leisure & Environment	6,649,840	6,585,537	5,566,537
Housing (General Fund)	1,326,246	1,852,051	2,318,046
Planning	1,438,555	1,859,014	963,482
Direct Service Organisations	(10,300)	2,899	(54,905)
Regional Growth Funding Unapplied Grants	0	0	(10,534,000)
Further Savings Identified in Year	0	(439,263)	0
<b>Total Service Expenditure</b>	<b>12,555,111</b>	<b>12,366,531</b>	<b>(102,746)</b>
Special Expenses brought down	(614,430)	(624,723)	(615,453)
Capital Accounting Adjustment	(1,996,100)	(1,996,100)	(2,256,049)
Revenue Contributions to Capital	0	118,800	89,059
External Interest Paid /(Received)	134,240	127,240	638,139
IAS 19 Adjustment	(141,350)	(141,350)	(54,115)
Holiday Pay	0	0	24,928
Transfer to / (from) Pension Reserve	115,510	115,510	115,658
Transfer (from) / to carry forwards	0	(139,439)	77,983
Transfer (from) / to unapplied grants	0	(620,568)	10,040,523
Transfer to Reserves	396,840	2,474,056	2,709,478
Use of Reserves	(267,362)	(1,300,178)	(1,394,401)
Transfer (from) / to General Balances	(166,199)	(363,519)	575,527
<b>HBBC Budget Requirement</b>	<b>10,016,260</b>	<b>10,016,260</b>	<b>9,848,531</b>

## EXPLANATORY foreword

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### The Council's Operations

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The Council's management structure is documented within the Constitution and management structure chart. The Council's officers are led by the Strategic Leadership Board, made up of the Chief Executive (Head of Paid Services) and the Council's two Deputy Chief Executives. This Strategic Leadership Board and the Corporate Operations Board (made up of four Chief Officers) form the Council's "Joint Boards" who are responsible for implementation of the strategic goals of the Council as decided by members.

The number of Council employees and elected members for 2013/14 and prior year were as follows:

<b>Service Area</b>	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>
Corporate Direction *	170	133
Community Direction *	239	288
Chief Executives Office	6	10
Councillors	34	34
<b>Total Staff</b>	<b>449</b>	<b>465</b>

\* Movement between Community and Corporate Direction is due to the transfer of responsibilities for housing repairs service

The Council sets a target for sickness absence on an annual basis for all staff. Outturn against this target for 2013/14 and the previous year was as follows:

<b>Target</b>	<b>Target</b>	<b>Outturn 2013/14</b>	<b>Outturn 2012/13</b>
Working Days Lost due to Sickness Absence	8 days	10.34 days	8.94 days

High sickness absence levels can have a detrimental effect on the delivery of council services. Effective sickness absence management ensures that the cost of sickness absence is kept at a minimum whilst improving capacity, service improvement and workforce morale. To provide context and to understand the reasons for the increase, an analysis of sickness absence for 2013/14 shows that both long term and short absence has increased, though a number of long term absentees have returned to the organisation since 31<sup>st</sup> March 2014.

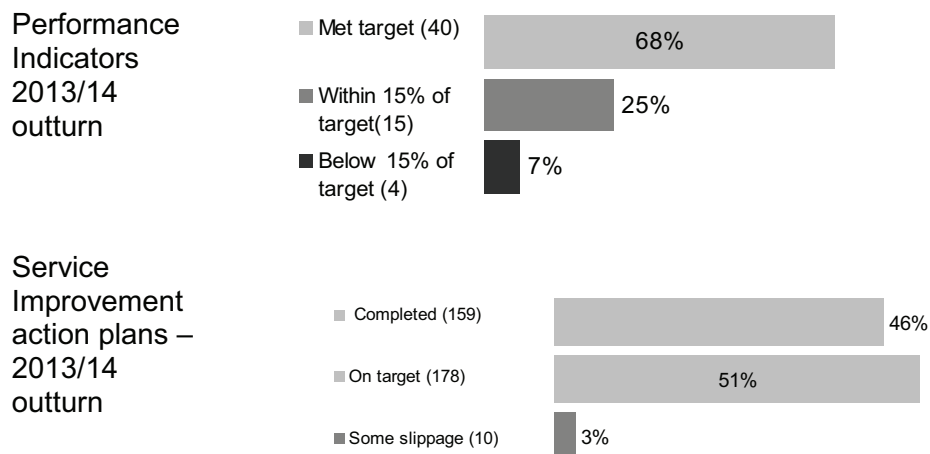
In order to address the increase in the number of sickness days, "Back to Work" interviews are carried out and meetings are held with service managers and the Chief Executive to understand reasons for high levels of sickness. The Council is currently looking to review attendance management triggers and also employment Terms and Conditions to address sickness absence. Both reviews will be subject to consultation.

The democratic governance structure of the Council is set out in the Constitution and summarised within the Council's Annual Governance Statement. The Constitution sets out the essential elements of the democratic process including the role of Council and Executive. The Constitution outlines the scrutiny processes that are administered by the Scrutiny Commission and the Finance, Audit and Performance Committee. The Constitution describes the functions and membership of each member group and the scope of structure of their operations. The full Constitution can be viewed on the Council's website at [http://www.hinckley-bosworth.gov.uk/a\\_to\\_z/service/120/constitution](http://www.hinckley-bosworth.gov.uk/a_to_z/service/120/constitution)

The Council's performance

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The Council uses plans and strategies at all levels of the organisation to plan and monitor the achievement of aims and objective. At a corporate level, the system is governed by the Corporate Planning Framework. The Council's objectives are reflected in Service Improvement Plans which outline how each department will achieve the corporate aims within a three year period. Plans are refreshed annually and progress against targets is managed through the TEN performance management system monthly. Performance reports are produced for service managers' team briefings monthly and Joint Boards on a quarterly basis. Individual staff performance is monitored through annual performance development assessments and biannual reviews. Performance reports are produced for the Finance Audit and Performance Committee quarterly, and annually in the Corporate Performance Plan. Corporate level performance for the 2013/14 year was reported as follows:



There have been no changes in the statutory functions of the Council in year.

## EXPLANATORY foreword

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### Material Changes

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Any material items impacting the Comprehensive Income and Expenditure Statement or Balance Sheet are separately disclosed to ensure transparency.

The Council has been awarded two material streams of funding which are:

- Regional Growth Funding for works to the A5 and MIRA Enterprise Zone: £2.809 million received in 2012/13 and £11.875 million received in 2013/14
- Funding from the Department of Energy and Climate Change (DECC) for works to properties to improve sustainability: £3.093 million received in 2012/13

In both cases, the Council acts as the “accountable body” for these funds, transferring designated elements to third parties to perform capital/revenue work. As funding has not been spent in full in 2013/14, the following material balances are held on the Balance Sheet as at 31<sup>st</sup> March 2014:

	<b>Regional Growth Funding</b>	<b>Department of Energy and Climate Change Funding</b>
	<b>£'000</b>	<b>£'000</b>
Cash – Balance of cash received	10,780	573
Unapplied Grants and Contributions – In both cases the conditions of the funding are deemed to have been met and therefore this balance represents unspent funds that will be incurred by Hinckley and Bosworth Borough Council in future years	10,534	403
Creditors – Overpayment of contribution	29	0
Creditors – Representing unspent funds that will be transferred to third parties to spend	217	170

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### Accounting Policies

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The Council's Accounting Policies are contained in this Statement.

The Council's Accounting Policies are reviewed on an annual basis and updated for any changes in the Code. There have been no changes to the Accounting Policies for 2013/14.

## EXPLANATORY *foreword*

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### Revenue Reserves

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Revenue reserves and revenue balances as at 31st March were as follows: -

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Earmarked Revenue Reserves (General Fund and HRA)	6,000	4,235
General Fund Balance (including Special Expenses)	2,206	1,767
Housing Repairs Account	483	242
Housing Revenue Account	1,156	1,891
	<b>9,845</b>	<b>8,135</b>

The Council holds the following policies in respect of fund balances:

- General Fund balances should be held at a minimum of 10% of the General Fund net budget requirement
- Housing Revenue Account balances should be held at a minimum of £250 per property

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### Pension Costs

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The accounting policy in respect of pension costs is in accordance with International Accounting Standard 19 (IAS 19) and reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

IAS 19 requires Council's to see beyond their commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Council's financial position. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The assets held by the pension scheme are valued on a regular basis by independent actuaries at fair value and in accordance with the requirements of IAS 19.

Hymans Robertson, has undertaken pension expense calculations in accordance with IAS 19 in respect of the Local Government Pension Scheme (the LGPS) administered by Leicestershire County Council. A full triennial valuation of the scheme was conducted as at 31<sup>st</sup> March 2013, the results of which are reflected in this Statement.

Note 40 discloses a net pension liability of £31.142 million for the Council as at 31st March 2014 compared to £25.187 million at 1st April 2013. Under legislation the Council is required to charge to revenue each year the value of contributions payable to the LGPS administrator rather than the cost of service calculated by IAS 19. This is done by creating a Pensions Reserve that offsets the liability but is not usable other than to balance out the liability.

The significance of the movement during the year is the difference between the expected and actual return on pension scheme assets. The difference arises because events have not coincided with actuarial assumptions or that the actuarial assumptions have changed.

The accounting entries for IAS 19 have no impact on the General Fund and therefore Council Tax.

## EXPLANATORY *foreword*

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### Capital Expenditure and Disposals

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Capital expenditure on Property, Plant and Equipment in 2013/14 was £17.195 million. This includes £8.075 million, being the value of the new Council offices (the Hinckley Hub) for which a 35 year finance lease commenced in year.

£4.206 million of capital expenditure relates to Revenue Expenditure Funded from Capital Under Statute (REFCUS), the majority being work funded by Regional Growth Funding (£2.551 million) and funding from the Department of Energy and Climate Change (£0.871million).

The Council disposed of assets worth £1.069 million in year. These disposals were primarily properties held within the Housing Revenue Account (£0.921 million).

In 2012/13 the Council disposed of one single material asset of £2.3 million which was previously held as surplus. The asset was transferred back to the Council when its lease expired in 2011/12 and earmarked for sale in the same year. The Council received £1.265 million of capital receipt for this asset in 2012/13. The remaining £1.035 million was received on 11<sup>th</sup> April 2014 and therefore as at 31<sup>st</sup> March 2013 was reflected as a "Deferred Capital Receipt" within the Balance Sheet.

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### Provisions, Contingencies and Write Offs

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The Balance Sheet contains provisions of £0.322 million as at 31<sup>st</sup> March 2014. As with previous years, this balance contains the capital cost of early retirement and the future costs of redundancies that are probable in the forthcoming year (£nil balance for 2013/14). In addition, provisions have been set up in 2013/14 to provide for costs of legal cases that are likely to require settlement in 2013/14.

Under the new Business Rates Retention guidelines, the Council is required to make provisions for refunding ratepayers who have appealed against the rateable value of their property on the rating list and may be successful. A provision of £0.215 million has been estimated for this Council for 2013/2014.

Where a liability is possible (but not likely) or the cost cannot be reliably estimated, a contingent liability is disclosed. Note 42 contains details of four contingent liabilities that have been identified as at 31<sup>st</sup> March 2014. These include potential outcomes of planning appeals and a resident complaint, as well as an acknowledgment that further business rates appeals may be lodged in 2014/2015 relating rateable values decided in 2013/2014. In addition, a contingent liability of £0.256 million has been acknowledged to reflect potential costs of a national legal review of land charges.

In order to ensure completeness of these disclosures, a formal review of provisions and contingencies is conducted annually by both the Strategic Leadership Board and the Corporate Operations Board.

Write offs are processed by the Council on key income streams in line with the Debt Recovery Policy and also Financial Procedure Rules. Total write offs for the 2013/14 year are summarised below. There were no single material write offs processed in year and all arose in the course of standard Council operations.

	<b>2013/14</b>
	<b>£'000</b>
General Fund Write Offs	65
Housing Revenue Account Write Offs (including rents)	35
Collection Fund Write Offs	230
<b>Total Write Offs</b>	<b>330</b>

## EXPLANATORY *foreword*

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### Resources Available to Support Future Capital Expenditure

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As at 31st March the Borough Council had the following reserves available to meet future capital expenditure:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Unapplied Grants and Contributions	12,072	2,950
Usable Capital Receipts Reserve	1,388	1,604
Deferred Capital Receipts	1,035	1,037
Earmarked Revenue Reserve for Future Capital Projects	7,036	4,187
<b>Total available resources</b>	<b>21,531</b>	<b>9,778</b>

The Council's Capital Programme is reviewed annually and new estimates are approved at the same time as the revenue budget. The current Capital Programme and funding implications for 2014/15 onwards are detailed below. It is evident from this detail that the agreed Capital Programme is predominantly supported by borrowing which was endorsed through an increase of the Authorised Limit by Council to unlock a number of regeneration schemes (e.g. the Town Centre Redevelopment and Leisure Centre).

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Expenditure</i>			
Leisure and Environment	7,025	6,967	217
Planning	44	4,566	44
Central Services	97	67	40
Housing (General Fund)	497	365	365
<b>Expenditure Total</b>	<b>7,663</b>	<b>11,965</b>	<b>666</b>
<i>General Financing</i>			
Capital Receipts	500	0	0
Supported Borrowing	107	107	107
Unsupported Borrowing	174	519	527
Revenue Contribution to Capital	49	0	0
Contribution from reserves	83	89	32
<i>Leisure Centre Financing</i>			
Leisure Centre Reserve	2,610	0	0
Leisure Centre Capital Receipt	2,000	0	0
Leisure Centre Temporary Financing	0	3,400	0
Leisure Centre Borrowing	2,140	3,350	0
<i>Crescent Financing</i>			
Crescent Borrowing	0	4,500	0
<b>Financing Total</b>	<b>7,663</b>	<b>11,965</b>	<b>666</b>

## EXPLANATORY *foreword*

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### Housing Revenue Account

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The financial statements of the Housing Revenue Account appear as an additional financial statement. In 2013/14 the Housing Revenue Account has a deficit £0.735 million compared with a surplus of £0.192million in 2012/13. This position reflects the transfer of significant balances to the HRA Regeneration Reserve for future capital spend and also a revision to the “minimum” balances levels within the HRA (£250 per property)

The Housing Repairs Account shows a surplus of £0.241million in 2013/14 compared with a deficit of £0.231million in 2012/13. This was due to a movement in the deficit position on the repairs “contractor” account in prior year which has since been rectified.

The total of both the Housing Revenue Account and Housing Repairs account balances at 31st March 2014 was £1.639 million compared with £2.133million in 2012/13. The Housing Revenue Regeneration Reserve held a balance of £4.385 million and will be used to fund future Affordable Housing schemes.

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### Collection Fund – Council Tax

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From 1st April 1990 the Council has been required by the Local Government Finance Act 1988 to maintain a Collection Fund for transactions relating to the collection of Council Tax and Non-Domestic Rates. The details are set out in the Collection Fund Statement.

In 2013/2014, the Collection Fund collected £77.898 million from Council Tax and National Non Domestic Rates compared to £82.807 million in 2012/2013. The reduction in income is primarily due to the cessation of Council Tax Benefit following the introduction of Local Council Tax Support. £0.230 million of this income was written off (£0.448 million in 2012/13).

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### Business Rates Pooling

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The Local Government Finance Act (2012) introduced the Business Rates Retention system from 1st April 2013. The new arrangements enable local authorities to retain a proportion of the business rates generated in their area. Billing authorities collect rates on behalf of Central Government (50%), Major Preceptors – Leicestershire County Council (9%) and the Leicestershire Fire and Rescue Service (LFRS)(1%) – and themselves (40%).

The Government calculated two “baselines” for each local authority – a funding baseline and a rates baseline. Where the funding baseline is higher than the rates baseline (as is the case for the County Council) the authority requires a “top-up” and is not subject to a levy on any business rates growth. Where an authority’s rates baseline is higher than its funding baseline, the authority is in a “tariff” position and will contribute to a central fund which is redistributed to “top-up” authorities.

“Tariff” authorities are subject to a levy on any real terms growth in business rates at a maximum rate of 50%. In non-pooled areas the tariff is payable to the Government and will be used to fund “safety net” payments to authorities which have seen significant reductions in business rates income. The safety net is currently activated if retained rates fall below 92.5% of the funding baseline for the authority.

Authorities were invited to form Pools. For tariff and top-up purposes and also regarding levy and safety net calculations, the Government treats a Pool as if it were a single entity



## EXPLANATORY foreword

The County Council along with Leicester City Council, the LFRS and all Leicestershire District Councils agreed to operate a pooling agreement for business rates levies and safety net payments for 2013/14, the Leicester and Leicestershire Pool (LLP). The County Council was the lead authority for the LLP. The Pool was in a net top-up position, meaning that it could not be subject to a levy to the Government; a safety net position was technically feasible but given the scale of loss that would have to be suffered was unlikely to arise.

The Pool was based on a “no better, no worse” position, with District Councils paying any levies into the Pool and any safety net payments being made from the Pool. Any remaining net income from the Pool was to be used to provide a £0.4million contingency for future safety nets and any further income above that level was to be passed to the Leicester and Leicestershire Economic Partnership (LLEP).

Overall the Pool achieved a net surplus of £0.7million for 2013/14 as summarised by the County Council below:

	<b>Funding Baseline £m</b>	<b>Rates Baseline £m</b>	<b>Retained Rates £m</b>	<b>Levy £m</b>	<b>Safety Net £m</b>
Blaby District Council	1.9	15.2	15.0	0.0	0.1
Charnwood Borough Council	3.8	17.2	16.6	0.0	0.3
Harborough District Council	1.5	13.0	14.8	0.9	0.0
Hinckley & Bosworth Borough Council	2.3	10.9	11.3	0.2	0.0
Melton Borough Council	1.2	5.0	5.1	0.1	0.0
North West Leicestershire District Council	2.1	18.3	18.2	0.0	0.0
Oadby & Wigston Borough Council	1.3	4.7	4.6	0.0	0.1
<b>Total</b>	<b>14.1</b>	<b>84.3</b>	<b>85.6</b>	<b>1.2</b>	<b>0.5</b>
<b>Net gain</b>					<b>0.7</b>

The surplus at the end of 2013/14 will be distributed in agreement with the LLP partners. The County Councils accounts include debtors for levies due from the Billing Authorities and creditors for safety net payments.

The Collection Fund for Hinckley and Bosworth Borough Council shows that £27.486 million rates were collected, of which £27.024 million are subject to Business Rates Retention allocations. Based on this outturn, the Council has reflected £0.177 million of Business Rates growth within the General Fund, following the payment of a levy of £0.177 million (included as a creditor).

Due to uncertainties over Government policy changes and the level of potential appeal losses, the LLP partners decided not to continue with the Pool in 2014/15 and to review the position again for 2015/16.

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### External Borrowing

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As at 31st March 2014 the Council had total external borrowing of £70.952million which consisted of long-term borrowing from the Public Works Loan Board (PWLB). The Council is currently able to raise finance using the following approved borrowing instruments and funding is acquired after comparing the various rates available to ascertain the cheapest source and the most appropriate period:

- PWLB Loans;
- Market Long-Term Loans;

## EXPLANATORY *foreword*

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- Market Temporary Loans;
- Bank Overdraft;
- Internal Funding; and
- Operational Leasing.

The Council manages its treasury management activities through the adoption of a Treasury Management Strategy and Prudential Indicators, both of which are monitored on a quarterly basis by the Finance, Audit and Performance Committee. The main elements of these documents are reflected in note 41.

Annual performance against the Treasury Management Policy and Prudential Indicators was reported to Finance, Audit and Performance Committee on 12<sup>th</sup> May 2014. In 2013/14 the Council complied with all the relevant statutory and regulatory requirements which require the identification and, where possible, quantification of the levels of risk associated with treasury management activities. In particular the Council's adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

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### Direct Services Organisations (DSO)

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The Council operates four Trading Accounts:

- Markets – the operation of the market in Hinckley town centre
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses
- Grounds Maintenance – an internal business unit that provides grounds maintenance services to all parts of the Council;
- Housing Repairs– an internal business unit that provides housing repair services to the Borough Council.

The expenditure and income relating to the DSOs is shown in Note 28 to the Core Financial Statements.

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### Post Balance Sheet Event

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The Statement of Accounts were authorised for issue on 26<sup>th</sup> June 2014 by S.Kohli, Deputy Chief Executive (Corporate Direction). Events taking place after this date are not reflected in the financial statements or notes.

### Town Centre Redevelopment

The Council is currently undergoing the regeneration of the town centre in conjunction with a third party developer – the Tin Hat Regeneration Partnership. In accordance with the Development Agreement held with the developer, a loan of £7million was made to the Tin Hat Regeneration Partnership on 7<sup>th</sup> May 2014 and repaid on 15<sup>th</sup> May 2014. The Council borrowed £7million from the market to make these funds available.

As part of this development, the Council transferred assets valued at £1.159 million as at 31<sup>st</sup> March 2014 to Tin Hat Regeneration Partnership on 14<sup>th</sup> May 2014 at nil value. The loss on disposal of these assets will be disclosed in the 2014/2015 Comprehensive Income and Expenditure Account.

### Capital Receipt

In 2012/13 the Council disposed of the former Boys Club at Stoke Road for £2.3million. The asset was transferred back to the Council when its lease expired in 2011/12 and earmarked for sale in the same year. The Council received £1.265million of capital receipt for this asset in

## EXPLANATORY *foreword*

2012/13. The remaining £1.035million was received on 11th April 2014 and therefore as at 31st March 2014 was reflected as a “Deferred Capital Receipt” within the Balance Sheet.

The Statement of Accounts and notes have not been adjusted for these transactions which took place after 31st March 2014 as they provide information that is relevant to an understanding of the Council’s financial position but do not relate to conditions at that date.

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### The Current Economic Climate and Medium Term Financial Strategy

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The current economic climate is acknowledged to indirectly impact on the Council’s financial standing as follows:

- Potential reduction of income streams and likely increases in bad debt and write offs as a result.
- Increase in the call on demand lead items such as benefits payments and homelessness services.
- Reduction in the level of income from Council investments.
- A fall in the economic value of assets and potential capital receipts for disposals.

The Council’s Medium Term Financial Strategy sets out the financial planning framework for the Council and shows how national, regional, sub-regional and local issues such as those detailed above are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

The ongoing impact of austerity measures enacted by Government means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to Business Rates Retention (BRR), localisation of Council Tax support (LCTS) and New Homes Bonus. That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.

Across the country, many Councils are having to look for drastic measures to cut costs and ensure solvency in the medium term. In Leicestershire, the County Council is required to make £110 million savings over the next five years. In order to achieve these targets, pressures will be transferred to district councils in areas such as waste, children’s services and older peoples services. For this Council, the direct impact of these changes is forecast to create an estimated budget pressure from 2015/2016 of up to £500,000 overall. The indirect impact of changes implemented by the County Council, however, could increase this pressure by many thousands more.

Locally, the commitment to minimise the pressure of economic pressures on the local tax payer has meant that Council Tax has been frozen for a fourth consecutive year in 2014/15. In real terms, this has created an opportunity loss in spending power during this period of over £650,000.

This, together with the desire of the Council to minimise increases in fees and charges and reluctance to introduce new fees and charges (e.g. car parking and green waste) to assist local residents and businesses means that the Council’s budgets are coming under considerable strain from 2015/16 onwards.

In order to plan for these risks, the Medium Term Financial Strategy contains ten strategic financial objectives which seek to mitigate the impact of financial pressures on the Council. Details of these objectives are provided below:

## EXPLANATORY *foreword*

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1. The Council should allocate resources to services in line with the Corporate Aims and Ambitions.
  2. Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework.
  3. The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds.
  4. To review the scale of fees and charges at least annually.
  5. To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.
  6. Capital expenditure is properly appraised.
  7. When funding the Capital Programme, all funding options are considered.
  8. To review levels and purpose of Reserves and Balances.
  9. To maintain sustainable Council Tax increases.
  10. To increase efficiency savings and generate funding through shared services and collaborative working.
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## Publication of Accounts

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These accounts were approved for publication on 26th June 2014 by S. Kohli, Deputy Chief Executive (Corporate Direction). Post Balance Sheet events have been considered up to this date and disclosed in Note 5.

S. Kohli ACA. BSc(Hons)

Deputy Chief Executive (Corporate Direction)

## STATEMENT OF *accounting* POLICIES

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### General Principles

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The Statement of Accounts (the Statements) summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31st March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations (2011) which require the Statements to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by CIPFA on the application of accounting standards to Local Council accounts.

The relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. They also ensure that all legislative requirements have been correctly applied and that finally, the Statements have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The principal accounting policies outlined have been applied consistently throughout the 2013/14 financial year.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets. The Statement of Accounts have been prepared with reference to the following qualitative characteristics:

- Understandability
- Relevance
- Materiality
- Reliability
- Comparability

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### Revenue Recognition

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Revenue represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided and is only recognised when payment is probable. Revenue excludes value added tax, similar sales taxes and discounts. Revenue arising from provision of other services is recognised evenly over the periods in which the service is provided.

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### Value Added Tax (VAT)

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Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them.

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### Segmental Reporting - Amounts Reported for Resource Allocation Decisions

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Segmental reporting is included in the Statements based on the management reporting information supplied to the officers of the Strategic Leadership and Corporate Operations Boards (senior management) and to the Finance, Audit and Performance Committee and Executive (elected members). This reflects the resource allocation within the Council and the decision making bodies/process.

## STATEMENT OF *accounting* POLICIES

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### Accruals of Income and Expenditure

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Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31<sup>st</sup> March but the invoice relating to the goods and services is paid after 31<sup>st</sup> March. Income is accrued where income is due but an invoice has not been raised or payment has not been received.
- Provision is made for bad debts by identifying a proportion of the Council's receivables that should have their carrying value adjusted to the probable recoverable amount. Past experience and practice is used within material limits to judge the percentages of each type of debt that will eventually not be recovered.

Exceptions are made in respect of electricity and similar utility quarterly payments, which are charged at the date of the meter reading rather than being apportioned between financial years. In addition homelessness prevention bonds are treated on a cash basis. These policies are consistently applied each year and, therefore, do not have a material effect on the Statements.

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### Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

STATEMENT OF *accounting* POLICIES

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Exceptional Items

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When items of income and expense are material in size or by nature, they are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts to ensure they help the readers understand the Council's financial performance.

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Interest Income and Expenses

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Interest income and expenses are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Interest expenses on a qualifying asset are capitalised.

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Allocation of Overheads and Support Services

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The CIPFA Service Reporting Code of Practice 2013/14 requires that all support service costs and overheads, except for those in relation to Corporate and Democratic Core and Non Distributed Costs, are completely recharged or apportioned to the service users. The main support costs and the basis of allocation are shown below:

<b>Cost</b>	<b>Basis of Allocation</b>
Corporate Planning, Communication and Performance	Estimated staff time
Law and Administration	Estimated staff time and usage
Financial Support Services	Estimated time spent by staff
Human Resources	Number of staff
IT Support	Weighted number of PCs
Council Offices	Area occupied
Internal Audit	Audit plan days

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Government Grants and Contributions

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Whether paid on account, by instalments or in arrears, Government grants and other contributions and donations are recognised as due when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The funding will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line. General grants are credited to the Comprehensive Income and Expenditure Account and shown after Net Operating Expenditure.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## STATEMENT OF *accounting* POLICIES

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### Revenue Expenditure funded from Capital under Statute

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Revenue Expenditure funded from Capital under Statute (REFCUS) results from expenditure of a capital nature where no asset is created for the Council. They include improvement grants or advances to other individuals or organisations for the purpose that would have been capital if incurred by the Council.

REFCUS also includes exceptional revenue expenditure for which a capitalisation direction has been granted to allow this expenditure to be funded from capital.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is taken through the Movement in Reserves Statement so there is no impact on the level of Council Tax.

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### Investment Properties

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An investment property is one that is used to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Finance and Investment Income line and result in a gain for the General Fund Balance. However revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement.

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### Charges to Revenue for Non-current Assets

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Service accounts, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets.

These charges are reversed from the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement to the Capital Adjustment Account so that they do not create a requirement to raise additional Council Tax. However, the Council is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation, impairment losses and amortisation are therefore replaced by revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.



## STATEMENT OF *accounting* POLICIES

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### Property, Plant and Equipment

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Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### Recognition

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the asset yields benefits to the Council and the services it provides, for a period of more than one year. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

The Council has a general de-minimis limit of £5,000 for capital expenditure purposes. One single item which results in the capitalisation of expenditure above that limit is recognised as an asset in the Balance Sheet. Items below this limit are charged to revenue.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

Where a component is replaced or restored (i.e. enhancements), the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above being met.

#### Measurement

Assets are valued on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). Non current assets are then carried in the Balance Sheet using the following measurement basis:

- Council dwellings are valued at existing use value – social housing.
- Land, operational properties and other operational assets are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, this is normally open market value.
- Infrastructure assets and community assets are included in the Balance Sheet at historical cost, net of depreciation.
- Vehicles, plant and equipment are valued at cost less accumulated depreciation
- Intangible assets are written off over a five-year period.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end but as a minimum every five years.. Sturgis Snow and Astill, Chartered Surveyors, undertook a full valuation as at 31st March 2014 following their last full valuation at 31st March 2009

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## STATEMENT OF *accounting* POLICIES

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### Depreciation and Impairment

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#### Depreciation

Depreciation is provided for all property, plant and equipment except for freehold land and assets under construction. Depreciation is provided for on other assets with a determinable finite life by allocating the value of asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated over the expected life of each asset.

Depreciation is provided in accordance with the following policies:

- Operational buildings, vehicles, plant and equipment, and infrastructure assets are depreciated
- No depreciation provision is made for land or investment properties
- Newly acquired assets and enhancements are depreciated from the following year, although assets in the course of construction are not depreciated until they are brought into use;
- Depreciation is calculated using the straight line method.

As part of the annual revaluation exercise, the valuer provides estimated residual lives for all dwellings, using 80 years as the total life per dwelling but reflecting improvements over the years with a minimum residual life of 20 years. Where an item of property, plan and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

#### Impairment

Assets are assessed at each year-end by the Estates and Assets Manager as to whether there is any indication that an asset may be impaired. Those events and change in circumstances are listed under Critical Accounting Estimate and Judgements.

Where impairment losses are identified as part of this review or as a result of a valuation exercise, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This policy is applied correspondingly when an impairment is required to be reversed

#### Disposal

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet and the receipt from disposal are written off to the Comprehensive Income and Expenditure Statement as part of the loss or gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of Property, Plant and Equipment is accounted for on an accruals basis and the unapplied balance is included in the Balance Sheet as Useable Capital Receipts.

## STATEMENT OF *accounting* POLICIES

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### Depreciation and Impairment (continued)

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For the purposes of the capital expenditure controls, the Council will set aside capital receipts for future capital spend or set aside to reduce the Council's need to borrow. Almost all capital receipts can therefore be used to finance borrowing, with three exceptions:

- Social Housing Grant receipts for housing association development (where 100% of each receipt is required to be set aside).
- Receipts in relation to assets purchased using grants from Central Government and its agencies, where the receipt must first be used to repay grant in line with any funding agreement.
- Proportion of housing receipts required for Government pooling.

The Local Government Act (2003) introduced pooling arrangements from disposal of housing land (which includes any land, house or other building). The pooling arrangements are:

- Dwellings sold under Right to Buy (RTB) - Based on the 2012 amendments to The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146)
- Other HRA assets (e.g. Bare land, shops) - 50% of receipt pooled unless used for regeneration or social housing.

### Assets under Construction

Asset under Construction are recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under Construction are not depreciated until they are brought into use under the relevant sections of property plant and equipment.

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### Intangible Assets

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Intangible assets are measured initially at cost. The depreciable amount of intangible assets are amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any impairment losses and disposal profits or losses are treated in the same way as Property Plant and Equipment.

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### Heritage Assets

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Heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities and are held for their contribution to knowledge and culture.

Heritage assets are recognised where they meet this criteria and are valued in excess of the de-minimis threshold of £5,000. Heritage assets are measured in the Balance Sheet at valuation which is based on replacement value or insurance value, where the former cannot be established. An impairment review will be carried out each year to assess any physical depletion of the assets. All heritage assets held by the Council are deemed to have indefinite lives and therefore are not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

## STATEMENT OF *accounting* POLICIES

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### Borrowing Cost

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Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset are capitalised.

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### Cash and Cash Equivalents

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Cash comprises cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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### Assets Held for Sale

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When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are classified as non-current assets held for sale. In these cases, the assets are actively marketed at 31<sup>st</sup> March and their sale is probable in the following year. With the exception of assets arising from employee benefits and financial instruments, these assets are classified as current and are stated at the lower of their carrying amount and fair value less costs to sell.

Measurement differences arising between the carrying amount and fair value less cost of disposal are treated as impairment charges and separately disclosed.

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### Leases

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Leases of property, plant and equipment in which the Council retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the asset which is applied to write down the liability; and
- A finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

The discount rate that shall be used is the rate implicit in the lease or, if it is not practicable to determine, the Council's incremental borrowing rate.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Assets recognised under a finance lease are depreciated in accordance with the depreciation policy for owned assets.

Leases covering both land and buildings are split into component parts. The element relating to buildings is then tested to determine whether the lease is finance or operating lease and treated accordingly.

Leases of land and all other leases including industrial and commercial units are classified as operating leases and are not recognised in the Balance Sheet.

## STATEMENT OF *accounting* POLICIES

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### Leases (continued)

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Payments made under operating leases, net of lease incentives or premiums received, are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of the lease.

Where the Council operates as a lessor in respect of lease arrangements, the arrangement is assessed in line with the accounting policies and the funds flow treated based on corresponding entries to the lessee.

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### Provisions

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Provisions are liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the Statement of Accounts at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are charged to the appropriate service revenue account. Discount unwinding is recognised as a finance expense.

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### Inventories

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The value of inventories held by the Council shown in the Statement of Accounts is calculated on the basis of the lower of cost or net realisable worth in accordance with IAS 2.

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### Reserves

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The Council may establish reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies and for cash flow management purposes.

Reserves are created by appropriating amounts in the Comprehensive Income and Expenditure Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments and employment benefits. These are classified as unusable reserves.

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### Item 8 Housing Credit

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Statutory Item 8 interest is credited to the Housing Revenue Account representing interest earned on housing balances. The amounts are calculated in accordance with Government directions.

## STATEMENT OF *accounting* POLICIES

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### Contingent Assets and Liabilities

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A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probably that an outflow of resources will be required or the amount of the obligation cannot be measured reliably

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities and assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts are disclosed in the notes to the financial statements but are not reflected on the Balance Sheet.

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### Related Party Transactions

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The Council discloses transactions with related parties – bodies or individuals that have the potential to “control” or “influence” the Council or to be “controlled” or “influenced” by the Council. These relationships, in year transactions and outstanding balances are disclosed within a narrative note to the Statements.

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### Jointly Controlled Operations and Jointly Controlled Assets

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Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the asset being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf and the income that it earns from the venture.

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### Employee Benefits – Benefits Payable During Employment

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Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

## STATEMENT OF *accounting* POLICIES

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### Employee Benefits – Termination Benefits

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Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service(s) in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Fund Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

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### Employee Benefits – Post-employment Benefits

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Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council. The LGPS is accounted for as a defined benefit scheme.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The charge in the net pension liability is analysed into service costs comprising of:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Net interest on the net defined benefit liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment

## STATEMENT OF *accounting* POLICIES

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### Employee Benefits – Post-employment Benefits (continued)

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- Remeasurement return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Remeasurement actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measure the beneficial impact to the General Fund required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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### Accounting for Precept and NNDR

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The Code requires that precepts and NNDR are accounted for on an agency basis. This means that only the proportion of outstanding or prepaid Council Tax and NNDR relating to this Council is accounted for in the main financial statements. Other amounts outstanding are reported in the financial statements of the "owning" body.



## STATEMENT OF *accounting* POLICIES

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### Financial Instruments

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#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet with the Council becomes a party to the contractual provision of the instrument. Financial liabilities are shown in the Statement of Accounts at Amortised Cost in accordance with IAS32, 39 and IFRS7. Where applicable (ie for loans) annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable based on the interest rate of the liability. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year according to the loan agreement.

#### Financial Assets

Financial assets are recognised in the Balance Sheet with the Council becomes a party to the contractual provision of the instrument. Financial assets are shown in the Statement of Accounts at Amortised Cost in accordance with IAS32, 39 and IFRS7. Where applicable (ie for investments) annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable based on the interest rate of the investment. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest); and the interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year according to the loan agreement.

The Council has made a number of loans to organisations and individuals at less than the market rate (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective interest rate of interest. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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#### Events after the Reporting Period

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Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period and the date when the financial statements are authorised for issue. An adjustment is made to the Statement of Accounts where events provide evidence of conditions that existed at the end of the reporting. Where events are only indicative of conditions, no adjustment is made but a disclosure is made where the impact is deemed to be material.

## STATEMENT OF *Responsibilities*

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### The Council's Responsibilities

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The Council is required to:

- a) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Deputy Chief Executive (Corporate Direction)
- b) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- c) approve the Statement of Accounts.

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### The Deputy Chief Executive (Corporate Direction)'s Responsibilities

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The Deputy Chief Executive (Corporate Direction) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Deputy Chief Executive (Corporate Direction) has:

- a) selected suitable accounting policies and then applied them consistently
- b) made judgements and estimates that were reasonable and prudent
- c) complied with the local authority Code.

The Deputy Chief Executive (Corporate Direction) has also:

- a) kept proper accounting records, which were up to date
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that The Statement of Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2014.

S. Kohli ACA. BSc(Hons)

Cllr S Bray

Deputy Chief Executive (Corporate Direction)

Leader of the Council



# CORE *financial* STATEMENTS

THE *Movement in Reserves Statement*

THE *Comprehensive Income and Expenditure Statement*

THE *Balance Sheet*

THE *Cash Flow Statement*

## CORE *Financial* STATEMENTS

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### The Movement in Reserves Statement

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This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council's services and more details are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax and dwellings rent setting purposes respectively. The "Net increase/decrease before transfers to earmarked reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

### The Comprehensive Income and Expenditure Statement

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This statement is fundamental to the understanding of the Council's activities, in that it reports the cost of services of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the Council's functions, in three distinct sections, each divided by a sub-total.

The *first* section provides accounting information on the costs of the local Council's different services, net of specific grants and income from fees and charges, to give the cost of services. It also includes the cost of any acquired and discontinued operations.

The *second* section comprises items of income and expenditure relating to the Council as a whole. When added to the cost of services these give the Council's Surplus or Deficit on provision of services and it also included the cost of any acquired or discontinued operations.

The *third* section shows the total comprehensive income and expenditure. Not all gains and losses are reflected in the Surplus or Deficit on provision of services for example gains on revaluations of Non Current Assets are excluded as they arise out of asset changes rather than from the entity's operating performance the complete position and performance of the Council. Therefore it is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period in this section. This is the total gains and losses of the Council to give a complete performance of the Council.

### The Balance Sheet

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The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first is usable reserves and these are reserves which the Council can use to provide services. The second is unusable reserves the Council cannot use to provide services.

### The Cash Flow Statement

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The Cash Flow statement shows how the Council generates and uses cash and cash equivalents.

# CORE financial STATEMENTS

## Movement in Reserves Statement

	General Fund Balance	General Fund Earmarked reserve	Housing Revenue Account	Earmarked HRA Reserves	Capital receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserve	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2012 carried forward</b>	2,293	4,028	1,699	604	1,050	0	949	10,623	34,397	45,020
Surplus or (deficit) on the provision of services	1,273	0	3,553	0	0	0	0	4,826	0	4,826
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(3,263)	(3,263)
<b>Total Comprehensive Income and Expenditure</b>	<b>1,273</b>	<b>0</b>	<b>3,553</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,826</b>	<b>(3,263)</b>	<b>1,563</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	(413)	0	(716)	0	554	46	2,029	1,500	(1,477)	23
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>860</b>	<b>0</b>	<b>2,837</b>	<b>0</b>	<b>554</b>	<b>46</b>	<b>2,029</b>	<b>6,326</b>	<b>(4,740)</b>	<b>1,586</b>
Transfers (from)/to Earmarked Reserves (Note 7)	(1,386)	1,382	(2,646)	2,654	0	0	(28)	(24)	0	(24)
(Decrease)/Increase in Year	(526)	1,382	191	2,654	554	46	2,001	6,302	(4,740)	1,562
<b>Balance at 31st March 2013 carried forward</b>	<b>1,767</b>	<b>5,410</b>	<b>1,890</b>	<b>3,258</b>	<b>1,604</b>	<b>46</b>	<b>2,950</b>	<b>16,925</b>	<b>29,657</b>	<b>46,582</b>
Surplus or (deficit) on the provision of services	8,375	0	6,721	0	0	0	0	15,096	0	15,096
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(1,196)	(1,196)
<b>Total Comprehensive Income and Expenditure</b>	<b>8,375</b>	<b>0</b>	<b>6,721</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,096</b>	<b>(1,196)</b>	<b>13,900</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	(6,875)	0	(3,650)	0	(218)	(46)	9,124	(1,665)	1,680	15
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>1,500</b>	<b>0</b>	<b>3,071</b>	<b>0</b>	<b>(218)</b>	<b>(46)</b>	<b>9,124</b>	<b>13,431</b>	<b>484</b>	<b>13,915</b>
Transfers to/(from) Earmarked Reserves (Note 7)	(1,061)	1,062	(3,805)	3,789	0	0	0	(15)	0	(15)
Increase/(Decrease) in Year	439	1,062	(734)	3,789	(218)	(46)	9,124	13,416	484	13,900
<b>Balance at 31 March 2014 carried forward</b>	<b>2,206</b>	<b>6,472</b>	<b>1,156</b>	<b>7,047</b>	<b>1,386</b>	<b>0</b>	<b>12,074</b>	<b>30,341</b>	<b>30,141</b>	<b>60,482</b>

# CORE Financial STATEMENTS

## Comprehensive Income and Expenditure Statement

2012/13			2013/14			
Gross Expenditure	Gross Income	Expenditure / Income		Gross Expenditure	Gross Income	Expenditure / (Income)
£000	£000	£000	Note	£000	£000	£000
2,580	(966)	1,614		2,575	(861)	1,714
5,195	(1,506)	3,689		5,314	(1,458)	3,856
3,387	(2,356)	1,031		4,075	(2,161)	1,914
0	0	0		0	(10,534)	(10,534)
20,165	(21,223)	(1,058)		21,641	(19,322)	2,319
8,176	(6,587)	1,589		2,397	(1,296)	1,101
1,085	(134)	951		1,062	(143)	919
1,482	(1,065)	417		2,159	(2,651)	(492)
7,009	(12,371)	(5,362)		4,672	(13,083)	(8,411)
<b>49,079</b>	<b>(46,208)</b>	<b>2,871</b>		<b>43,895</b>	<b>(51,509)</b>	<b>(7,614)</b>
1,797	(247)	1,550	8	1,763	(272)	1,491
7,919	(5,220)	2,699	9	5,147	(2,293)	2,854
0	(11,946)	(11,946)	10	177	(12,004)	(11,827)
<b>58,795</b>	<b>(63,621)</b>	<b>(4,826)</b>		<b>50,982</b>	<b>(66,078)</b>	<b>(15,096)</b>
		(684)	24			(3,550)
		3,947	24			4,746
		<b>3,263</b>				<b>1,196</b>
		<b>(1,563)</b>				<b>(13,900)</b>

# CORE Financial STATEMENTS

## The Balance Sheet

31st March 2013 £000	Notes	31st March 2014 £000	
130,785	Property, Plant and Equipment	11	144,277
121	Heritage Assets	13	121
8,951	Investment Property	12	9,483
550	Intangible Assets	14	375
273	Long Term Receivables	18	189
<b>140,680</b>	<b>Long Term Assets</b>		<b>154,445</b>
0	Short Term Investments	17	0
6	Inventories	15	8
5,797	Short Term Receivables	19	6,742
7,109	Cash and Cash Equivalents	16	19,320
<b>12,912</b>	<b>Current Assets</b>		<b>26,070</b>
(314)	Cash and Cash Equivalents	16	(788)
(6,424)	Short Term Payables	20	(6,487)
(188)	Short Term Provisions	21	(322)
(1,208)	Revenue Grants Received in Advance	31	0
<b>(8,134)</b>	<b>Current Liabilities</b>		<b>(7,597)</b>
(937)	Long Term Payables	20	(944)
(29)	Long Term Provisions	21	0
(70,952)	Long Term Borrowing	41	(70,952)
(26,950)	Other Long Term Liabilities	22	(40,529)
(9)	Capital Grants Received in Advance	31	(11)
<b>(98,877)</b>	<b>Long Term Liabilities</b>		<b>(112,436)</b>
<b>46,581</b>	<b>Net Assets</b>		<b>60,482</b>
16,925	Usable Reserves	23	30,341
29,656	Unusable Reserves	24	30,141
<b>46,581</b>	<b>Total Reserves</b>		<b>60,482</b>





## CORE Financial STATEMENTS

### *The Cash Flow Statement*

The Cash Flow Statement has been generated using CIPFA's indirect method.

2012/13 £'000		Note	2013/14 £'000
4,826	<b>Net surplus or (deficit) on the provision of services</b>		<b>15,096</b>
4,542	Adjustments to net surplus or deficit on the provision of services for non cash movements		3,857
(2,829)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(9,054)
<b>6,539</b>	<b>Net Cash flows from Operating Activities</b>		<b>9,899</b>
4,350	Investing Activities	26	2,808
(3,862)	Financing Activities	27	(970)
<b>7,027</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>11,737</b>
(232)	Cash and Cash Equivalents at the beginning of the reporting period		6,795
<b>6,795</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>18,532</b>

### 1. Accounting Standards Issued But Not Yet Adopted

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The Council has not yet adopted the following accounting standards changes expected in future years:

- IFRS 13 *Fair Value Measurements*
- IFRS 10 *Consolidated Financial Statements* (May 2011)
- IFRS 11 *Joint Arrangements* (May 2011)
- IFRS 12 *Disclosure of Interests in Other Entities* (May 2011)
- IAS 27 *Separate Financial Statements* (as amended in May 2011)
- IAS 28 *Investments in Associates and Joint Ventures* (as amended in May 2011)
- IAS 32 *Financial Instruments: Presentation* (as amended in December 2011)

### 2. Critical Judgements in Applying Accounting Policies

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In applying the Accounting Policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Code gives strict criteria for assets held as Investment Properties. For the Council, those assets which are held for rental purposes are classified as investment properties. The Council's Atkin's building has been deemed as an operational asset on the basis that it is used to a material extent to carry out Council operations.
- The Council has reviewed the arrangements in place for operation of the Leicestershire Partnership – Revenues and Benefits. The Joint Committee has been classified as a 'Jointly Controlled Operation' on the basis that it is not a separate legal entity and has been accounted for in line with the Council's Accounting Policies for these arrangements.
- The Council has been awarded Regional Growth Funds (RGF) for the development of the MIRA Enterprise Zone and surrounding road networks. Elements of this funding are spent directly by the Council with other amounts transferred to key partners to fund the project. The treatment of this funding has been reviewed in line with IAS18 and it has been judged that the Council is acting as a 'principal' in respect of directly incurred expenditure and an 'agent' for expenditure incurred by partners. Where the Council is acting as the 'principal', expenditure has been shown in the relevant line within the Comprehensive Income and Expenditure account and income has been treated as a "grant" and in accordance with the Council's accounting policies for these arrangements. Payments made as the 'agent' have been passed through the Balance Sheet. The nature of all balances relating to this scheme are outlined in the Explanatory Forward.
- Included in the provisions held on the Balance Sheet is a Balance for £0.215 million reflecting an estimate for the cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been made based on assessment of the status of appeals as at 31st March 2014 in conjunction with an external expert. Two key judgements have been made in estimating this provision:
  1. Appeals that have been assessed as likely to be withdrawn have not been provided for.
  2. Appeals that have been assessed as likely to be settled after the 1 April 2015 have been considered as likely dismissals and have not been provided for.

**3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Accounting Policies describe the significant areas in which estimates and assumptions have been made relating to the reporting of results of operations and the financial position of the Council.

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2014 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. Any movement in market value of property will have any impact on the Council's valuation.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for the property would increase by £0.177million for every year that the useful life is reduced.</p> <p>If an asset is impaired the carrying amount of the asset is reduced.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• A decrease in the discount rate assumption would result in an increase in pension liability.</li> <li>• A one year increase in member life expectancy would result in an increase in pension liability.</li> <li>• An increase in the pension rate would result in an increase in pension liability.</li> <li>• A 1% increase in the pension liability would decrease the Council's net assets by £0.311million</li> </ul>
Arrears	<p>At 31<sup>st</sup> March 2014, the Council had a balance of £2.286 million for sundry "general" debtors. A review of balances suggested that an impairment of doubtful debts of £0.082million was appropriate. However in the current economic climate it is not certain that</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.082million to be set aside as an allowance.</p>

## NOTES TO THE *Core Financial Statements*

	such an allowance would be sufficient.	
Provisions and Contingent Liabilities	<p>The Council has made provisions of £0.364 million to recognise costs that may arise as a result of past events. In addition, various contingent liabilities have been acknowledged based on costs that may arise in the forthcoming years.</p> <p>It is not certain that all payments will materialise or be paid at the estimated level.</p>	<p>An increase over the forthcoming year of 10% would have the effect of adding £0.036million to the provision needed. The judgements used in estimating the appeals provision included in this balance have been detailed in note 2. Based on current appeals data, if these two judgements were incorrect, the provision would increase in the liability by £0.260million.</p>
Accruals	<p>Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to.</p>	<p>The expense or the income could be either higher or lower than expected. An increase in creditor accruals (General Fund and HRA £1.971million) of 25% would mean that an additional £0.493 million would be taken to service accounts.</p>

### 4. Material Items of Income and Expenses

The Regional Growth Funding income received in year and transferred to unapplied grants and contributions has been disclosed separately as an exceptional item in the Comprehensive Income and Expenditure Statement.

There are no other material items, not otherwise disclosed in the Comprehensive Income and Expenditure Statement and other schedules that require disclosure here.

### 5. Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue on 26th June 2014 by S. Kohli, Deputy Chief Executive (Corporate Direction). Events taking place after this date are not reflected in the financial statements or notes.

The following are deemed non adjusting events:

#### Town Centre Redevelopment

The Council is currently undergoing the regeneration of the town centre in conjunction with a third party developer – the Tin Hat Regeneration Partnership Ltd. In accordance with the Development Agreement held with the developer, a loan of £7million was made to the Tin Hat Regeneration Partnership on 7<sup>th</sup> May 2014 and repaid on 15<sup>th</sup> May 2014. The Council borrowed £7million from the market to make these funds available.

As part of this development, the Council transferred assets valued at £1.159 million as at 31<sup>st</sup> March 2014 to the Tin Hat Regeneration Partnership Ltd on 14<sup>th</sup> May 2014 at nil value. The loss on disposal of these assets will be disclosed in the 2014/2015 Comprehensive Income and Expenditure Account.

#### Capital Receipt

In 2012/13 the Council disposed of the former Boys Club site on Stoke Road for £2.3million. The asset was transferred back to the Council when its lease expired in 2011/12 and earmarked for sale in the same year. The Council received £1.265million of capital receipt for this asset in 2012/13. The remaining £1.035million was received on 11<sup>th</sup> April 2014 and therefore as at 31<sup>st</sup> March 2014 was reflected as a “Deferred Capital Receipt” within the Balance Sheet.

## **NOTES TO THE *Core Financial Statements***

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The Statement of Accounts and notes have not been adjusted for the these transactions which took place after 31st March 2014 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

## NOTES TO THE Core Financial Statements

### 6. Adjustments between Accounting Basis and Funding Basis under Regulation

#### 2013/14

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation/amortisation of non current Assets	(1,287)	(3,000)	0	0	0	4,287
Revaluation (losses)/gains on Property Plant and Equipment	(1,020)	3,170	0	0	0	(2,150)
Movement in the market value of Investment Properties	503	0	0	0	0	(503)
Revenue expenditure funded from capital under statute	(1,424)	(17)	0	0	0	1,441
Capital Expenditure Financed from Unapplied Grants and Contributions	119	48	0	0	0	(167)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(128)	(927)	0	0	0	1,055
Capital expenditure Charged to Fund Balances	89	550	0	0	0	(639)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory provision for the financing of capital investment	854	0	0	0	0	(854)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	10,041	0	0	0	(10,046)	5
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	499	388	0	0	0	(887)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	922	(922)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	1,325	(1,330)	0	0	5
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(337)	0	337	0	0	0

## NOTES TO THE Core Financial Statements

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repair Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Application of Capital Receipts to finance new Capital Expenditure	0	0	1,211	0	0	(1,211)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	2,117	0	(2,117)	0	0
Use of the major Repairs Reserve to finance new capital expenditure	0	0	0	2,163	0	(2,163)
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,590)	(251)	0	0	0	2,841
Employer's Pension contributions and direct payments to pensioners payable in the year	1,407	228	0	0	0	(1,635)
Capital Cost of Early Retirement	116	16	0	0	0	(132)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	52	0	0	0	0	(52)
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(47)	0	0	0	0	47
<b>Adjustment involving the Accumulated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	25	3	0	0	0	(28)
<b>Adjustment involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	3	0	0	0	0	(3)
<b>TOTAL ADJUSTMENTS</b>	<b>6,875</b>	<b>3,650</b>	<b>218</b>	<b>46</b>	<b>(9,124)</b>	<b>(1,665)</b>



**2012/13**

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation/amortisation of non current Assets	(1,382)	(2,942)	0	0	0	4,324
Revaluation (losses)/gains on Property Plant and Equipment	(324)	888	0	0	0	(564)
Movement in the market value of Investment Properties	(147)	0	0	0	0	147
Revenue expenditure funded from capital under statute	(291)	0	0	0	0	291
Capital Expenditure Financed from Unapplied Grants and Contributions	89	0	0	0	0	(89)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,400)	(535)	0	0	0	1,915
Capital expenditure Charged to Fund Balances	42	220	0	0	0	(262)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory provision for the financing of capital investment	743	0	0	0	0	(743)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,043	25	0	0	(2,083)	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	557	130	0	0	0	(687)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	40	(40)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,400	784	(2,189)	0	0	2

## NOTES TO THE Core Financial Statements

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(310)	0	310	0	0	0
Application of Capital Receipts to finance new Capital Expenditure	0	0	1,341	0	0	(1,341)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	2,117	0	(2,117)	0	0
Use of the major Repairs Reserve to finance new capital expenditure	0	0	0	2,071	0	(2,071)
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,990)	(201)	0	0	0	2,191
Employer's Pension contributions and direct payments to pensioners payable in the year	1,256	215	0	0	0	(1,471)
Capital Cost of Early Retirement	115	16				(131)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(13)	0	0	0	0	13
<b>Adjustment involving the Accumulated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	(1)	0	0	0	(3)
<b>Adjustment involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	3	0	0	0	0	(3)
<b>TOTAL ADJUSTMENTS</b>	<b>413</b>	<b>716</b>	<b>(555)</b>	<b>(46)</b>	<b>(2,029)</b>	<b>1,502</b>

## NOTES TO THE Core Financial Statements

### 7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2013/14. In addition the note outlines balances of unapplied grants and contributions as at 31<sup>st</sup> March.

	Balance at 31st March 2012	Transfers out 2012/13	Transfers in 2012/13	Balance at 31st March 2013	Transfers out 2013/14	Transfers in 2013/14	Balance at 31st March 2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Commutation and Feasibility Benefits	287	(120)	0	167	(41)	0	126
Local Plan Procedure	442	(34)	73	481	(119)	0	362
Historic Buildings	14	0	0	14	(14)	0	0
Land Charges	51	(20)	233	264	(45)	0	219
Pensions Contributions	49	0	0	49	0	85	134
Building Control	134	0	0	134	(134)	0	0
Waste Management	243	0	74	317	(54)	0	263
ICT	253	(41)	0	212	0	0	212
Project Management/Masterplan	333	0	0	333	(130)	0	203
Shared Services	74	0	0	74	(74)	0	0
Housing and Planning Delivery Grant	172	(43)	0	129	(68)	0	61
Flexible Working	15	0	0	15	(15)	0	0
Freedom of Information Act Training	3	(3)	0	0	0	0	0
New Performance Improvement Set	10	(2)	0	8	(8)	0	0
Housing Energy Certificate Training	11	0	0	11	(11)	0	0
Finance Capacity Fund	22	0	0	22	(22)	0	0
Priority Improvement Fund	70	(70)	0	0	0	0	0
Workforce Strategy	3	0	10	13	0	0	13
Elections	62	0	25	87	0	0	87
Grounds Maintenance Machinery Replacement	75	(16)	25	84	(25)	0	59
Transformation	50	0	0	50	(21)	0	29
Relocation	317	(326)	346	337	(406)	170	101
Future Capital Projects	611	(611)	0	0	0	0	0
Modern.Gov	2	0	0	2	(2)	0	0
Greenfields	19	0	0	19	(19)	0	0
Special Expenses	48	(74)	177	151	(8)	175	318
Carry Forwards	136	(136)	139	139	(139)	217	217
Hub Future Rental Management	250	0	0	250	(85)	750	915
Business Rates Pooling	0	0	110	110	0	60	170
Leisure Centre	0	0	1,353	1,353	(27)	1,325	2,651
Community Safety	0	0	3	3	(3)	0	0
Troubled Families	0	(30)	90	60	(30)	0	30
Hinckley Club for Young People	0	0	5	5	0	0	5
Development Control	0	0	40	40	(40)	0	0
Customer Services	0	0	0	0	(11)	11	0
Market Income Management	0	0	0	0	0	15	15
Car Parking Income	0	0	0	0	0	25	25
<b>Total Earmarked Reserves</b>	<b>4,028</b>	<b>(1,526)</b>	<b>2,911</b>	<b>5,413</b>	<b>(1,825)</b>	<b>2,884</b>	<b>6,472</b>
Unapplied Grants and Contributions	942	(86)	2,069	2,925	(2,058)	11,169	12,036
<b>Total General Fund</b>	<b>4,970</b>	<b>(1,612)</b>	<b>4,980</b>	<b>8,338</b>	<b>(3,883)</b>	<b>14,053</b>	<b>18,508</b>

## NOTES TO THE Core Financial Statements

<b>Housing Revenue Account:</b>							
HRA Piper Balance	126	0	11	137	(12)	10	135
HRA Communal Furniture	4	0	0	4	0	0	4
HRA Housing Repairs Account	472	(230)	0	242	0	241	483
Regeneration	0	0	2,834	2,834	(389)	1,940	4,385
Repayment	0	0	0	0	0	1,900	1,900
Pension Contributions	0	0	0	0	0	29	29
HRA Carry forwards	0	0	34	34	(34)	111	111
<b>Total HRA Earmarked Reserves</b>	<b>602</b>	<b>(230)</b>	<b>2,879</b>	<b>3,251</b>	<b>(435)</b>	<b>4,231</b>	<b>7,047</b>
HRA Unapplied Grants and Contributions	6	0	25	31	(25)	30	36
<b>Total Housing Revenue Account</b>	<b>608</b>	<b>(230)</b>	<b>2,904</b>	<b>3,282</b>	<b>(460)</b>	<b>4,261</b>	<b>7,083</b>
<b>TOTAL</b>	<b>5,578</b>	<b>(1,842)</b>	<b>7,884</b>	<b>11,620</b>	<b>(4,343)</b>	<b>18,314</b>	<b>25,591</b>

### Earmarked Reserves General Fund

#### **Commutation and Feasibility Reserve**

The Council has been applying the commutation adjustment to reduce its Minimum Revenue Provision (MRP), but prospective increases in the capital financing requirement and a reducing commutation adjustment means that there will be a progressive increase in future MRP.

Proposed capital projects often need feasibility studies before final commitment can be made to a project. This reserve will also be used to cater for each of these requirements.

#### **Benefits Reserve**

This reserve is to allow for variances between estimates for benefit payments and the subsidy received. In view of the material budget only a small variation would have a significant effect on balances. It is therefore prudent to keep an earmarked reserve for such variations particularly in light of the changes in Council Tax Benefit from 2013/14.

#### **Hub Future Rental Management Reserve**

Developer incentives received have been transferred into this reserve to minimise the risk of future movement in rental indices which may impact the Council's expenditure on the new Hinckley Hub.

#### **Special Expenses Reserve**

This reserve has been established to fund additional parks and open spaces expenditure within the Hinckley area.

#### **Local Plan Procedure Reserve**

This reserve is to fund the costs of the Local Development Framework. The reserve will be used as elements of the framework are required.

#### **Business Rates Pooling Reserve**

From 2013/14, Business Rates Retention will mean that certain losses in rates will need to be funded by the Council. This reserve has been created to reflect the total amount of Business Rates this Council is required to "lose" before receipt of a safety net payment.

#### **Relocation Reserve**

This reserve was established from savings in 2010/11 to provide resources to support the Council's office moves and subsequent expenditure.

#### **Leisure Centre Reserve**

Reserve created to fund capital costs of new Leisure Centre in order to minimise levels of borrowing required for the scheme.

### 7. Transfers To/From Earmarked Reserves (continued)

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#### **Carry Forwards Reserve**

Relates to those budget carry forwards (General Fund and HRA) authorised from the previous financial year.

#### **Troubled Families Reserve**

The Council has agreed to make a cash investment of £90,000 towards the Leicestershire Troubled Families programme. This reserve will be released over a 3 year period to fund this scheme.

#### **Land Charges Reserve**

Reserve has been set aside to fund potential legal costs arising from land charge action against Local Authorities nationally.

#### **ICT Reserve**

This reserve was set up from the 2007/08 under spend on the ICT budget and will be used to further improve the ICT support service, in particular by upgrading the aging infrastructure and ICT costs associated with implementation of the Channel Shift Strategy.

#### **Waste Management Reserve**

The Waste Management service is currently experiencing a number of pressures on its resources particularly in respect of the need to recycle more and conduct additional rounds. This reserve has been set up using under spends to provide resources to address the pressures ahead for this high priority service area.

#### **Project Management/Masterplan Reserve**

At the present time the Council has an ambitious Capital Programme and is looking to facilitate the regeneration of Hinckley Town Centre through the Town Centre Renaissance Masterplan. This reserve is intended to provide project management support and resources to support the implementation of this plan.

#### **Housing and Planning Delivery Grant Reserve**

This reserve has been set up to carry forward receipts of Housing and Planning Delivery Grant that will be spent in future years.

#### **Workforce Strategy Reserve**

This reserve will fund resources to enable a corporate Workforce Strategy to be developed.

#### **Election Reserve**

Elections to the Borough Council are held every four years. It is considered to be inequitable to charge the full cost in the year of the election. An earmarked reserve has therefore been created to allow the cost of the election to be provided for each year.

#### **Grounds Maintenance Machinery Replacement Reserve**

This reserve has been established from the savings in rental charges following the initial purchase of new machinery to allow for its replacement at the end of its useful life.

#### **Pension Contributions Reserve (General Fund and HRA)**

This reserve has been created to meet future potential increases in employers pension contributions resulting from triennial valuations of the Pensions Fund and requirements for "opt in" in 2017.

#### **Transformation Reserve**

This reserve has been created to provide resources to support the Transformation agenda within the Council.

#### **Hinckley Club for Young People Reserve**

This reserve provides for reflects any additional support that may be required for Hinckley Club for Young People e.g. issues with the building.

### 7. Transfers To/From Earmarked Reserves (continued)

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#### **Market Income Management Reserve**

This reserve will management any fluctuations in market income which is decreasing in light of retail conditions.

#### **Car Parking Income Reserve**

Funds have been put aside to manage any fluctuations in car parking income arising as a result of the town centre redevelopment.

#### **Earmarked Reserves Housing Revenue Account**

##### **Piper Balance Reserve**

This reserve will provide funding for the replacement of the Piper alarm system at the control centres when the current system becomes unviable.

##### **Communal Furniture Reserve**

This reserve has been created to provide for the replacement of furniture in communal areas of sheltered housing schemes which currently do not meet safety standards.

##### **Housing Repairs Reserve**

The Housing Repairs Reserve represents the cost of providing the housing repairs service to the Borough. This is detailed further in the notes to the Housing Revenue Account.

##### **Regeneration Reserve**

This reserve has been created from the available funds within the Housing Revenue Account following the introduction of self financing. The reserve will be used to fund projects outlined in the HRA Business and Investment Plans.

##### **Repayment Reserve**

Created to provide for potential early repayment of the HRA self financing debt

#### **Reserves removed in year**

The Council reviews the make up of reserves on an annual basis to ensure available funds meet the needs of the Council. The following reserves were re-earmarked in 2013/14 as a result of this exercise in September 2013:

- Historical Buildings
- Building Control
- Shared Services
- Flexible Working
- New Performance Improvement Set Reserve
- Housing Energy Certificate Training
- Finance Capacity Fund
- Greenfields
- Modern.gov
- Community Safety
- Development Control
- Customer Services

## NOTES TO THE *Core Financial Statements*

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### 8. Other Operating Expenditure

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	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
(Gain)/ Losses on disposal of Non Current Assets	(272)	(247)
Amounts due to Precepting Authorities	1,426	1,505
Contribution to Housing pooled Capital Receipts	337	292
<b>Total</b>	<b>1,491</b>	<b>1,550</b>

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### 9. Financing and Investment Income and Expenditure

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	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges *	2,794	2,333
Pension Interest Costs	2,908	2,648
Net Surplus of Undertakings (see note 28)	(484)	(544)
Interest and Investment Income	(68)	(38)
Expected return on pension assets (see note 40)	(1,774)	(1,879)
Revaluation of Investment Properties	(522)	179
<b>Total</b>	<b>2,854</b>	<b>2,699</b>

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\* - Interest payable in 2013/14 includes £2.104 million interest on HRA self financing loans

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### 10. Taxation and Non Specific Grant Income

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	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Demand on Collection Fund	(5,276)	(5,731)
Balance on Collection Fund	(2)	(21)
Revenue Support Grant	(3,001)	(102)
National Non Domestic Rates	(1,991)	(5,270)
New Homes Bonus	(1,042)	(711)
Council Tax Freeze Grant	(147)	(106)
Council Tax Support Grant	(545)	0
New Burdens Grant	0	(5)
National Non Domestic Rates – Levy Payment	177	0
<b>Total</b>	<b>(11,827)</b>	<b>(11,946)</b>

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## NOTES TO THE Core Financial Statements

### 11. Property, Plant and Equipment

#### 2013/14

	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infra-Structure Assets	Community Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1st April 2013	105,576	14,478	9,438	2,011	4,194	287	135,984
Additions	3,033	9,019	695	0	175	36	12,958
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	0	3,544	0	0	0	0	3,544
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,179	(1,030)	0	0	0	0	2,149
Derecognition -Disposals	(921)	(148)	0	0	0	0	(1,069)
Other Movements in the cost of valuation	(2,978)	(131)	0	0	0	(286)	(3,395)
<b>At 31st March 2014</b>	<b>107,889</b>	<b>25,732</b>	<b>10,133</b>	<b>2,011</b>	<b>4,369</b>	<b>37</b>	<b>150,170</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2013	0	0	(4,529)	(670)	0	0	(5,199)
Depreciation Charge	(2,978)	(439)	(640)	(55)	0	0	(4,112)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Other Movements in Depreciation and Impairment	2,978	439	0	0	0	0	3,417
<b>At 31st March 2014</b>	<b>0</b>	<b>0</b>	<b>(5,169)</b>	<b>(725)</b>	<b>0</b>	<b>0</b>	<b>(5,894)</b>
<b>Net Book Value</b>							
<b>At 31st March 2014</b>	<b>107,889</b>	<b>25,732</b>	<b>4,964</b>	<b>1,286</b>	<b>4,369</b>	<b>37</b>	<b>144,277</b>
<b>At 31<sup>st</sup> March 2013</b>	<b>105,576</b>	<b>14,478</b>	<b>4,909</b>	<b>1,341</b>	<b>4,194</b>	<b>287</b>	<b>130,785</b>



## NOTES TO THE Core Financial Statements

### 11. Property, Plant and Equipment (continued)

**2012/13**

	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1st April 2012	105,431	13,116	9,067	2,011	3,880	2,300	12	135,817
Additions	2,728	1,747	371	0	314	0	286	5,446
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	0	692	0	0	0	0	0	692
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	884	(714)	0	0	0	0	0	170
Derecognition -Disposals	(535)	0	0	0	0	(2,300)	0	(2,835)
Other Movements in the cost of valuation	(2,932)	(363)	0	0	0	0	(11)	(3,306)
<b>At 31st March 2013</b>	<b>105,576</b>	<b>14,478</b>	<b>9,438</b>	<b>2,011</b>	<b>4,194</b>	<b>0</b>	<b>287</b>	<b>135,984</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April 2012	0	0	(3,994)	(614)	0	0	0	(4,608)
Depreciation Charge	(2,932)	(645)	(535)	(56)	0	0	0	(4,168)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	(0)
Other Movements in Depreciation and Impairment	2,932	645	0	0	0	0	0	3,577
<b>At 31st March 2013</b>	<b>0</b>	<b>0</b>	<b>(4,529)</b>	<b>(670)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,199)</b>
<b>Net Book Value</b>								
<b>At 31st March 2013</b>	<b>105,576</b>	<b>14,478</b>	<b>4,909</b>	<b>1,341</b>	<b>4,194</b>	<b>0</b>	<b>287</b>	<b>130,785</b>
<b>At 31<sup>st</sup> March 2012</b>	<b>105,431</b>	<b>13,116</b>	<b>5,073</b>	<b>1,397</b>	<b>3,880</b>	<b>2,300</b>	<b>12</b>	<b>131,209</b>

## **NOTES TO THE *Core Financial Statements***

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### **11. Property, Plant and Equipment (continued)**

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#### **Depreciation**

The following useful economic lives and depreciation rates have been used in the calculation of depreciation:

<b>Asset Classification</b>	<b>Basis of Depreciation</b>
Council Dwellings	Residual lives based on total life of 80 years but with a minimum residual life of 20 years to reflect enhancements as the Council is at Decent Homes Standard.
Land	Not depreciated.
Operational Buildings	Residual lives provided by the valuer in report of 31st March 2014. Depreciation is based upon the updated residual lives of revalued properties.
Vehicles, Plant and Equipment	Based on expected lives of the asset.
Infrastructure	Depreciated over a 40 year life.
Community Assets	Not depreciated as these are land assets.
Non-Operational Investment Assets	Not depreciated
Intangible Assets	Amortised over useful life (e.g. software over 5 years).
Heritage Assets	Not depreciated as have indefinite life.
Surplus Assets	Not depreciated

#### **Capital Commitments**

At 31st March 2014, the Council had capital commitments of £0.179million (£0.134million 2012/13) relating to demolition works for the former depot and Council offices and the RGF works. In all other cases, contracts had not been let by 31<sup>st</sup> March 2014.

#### **Revaluations**

The freehold and leasehold properties, which comprise the Council's property portfolio, are revalued by Mr D.W. Flatley FRICS of Sturgis, Snow and Astill LLP, 98 New Walk, Leicester. The valuations are carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors and the government specifications relating to the Housing Revenue Account.

A full valuation of Council Properties was undertaken by Sturgis Snow and Astill LLP as at 31<sup>st</sup> March 2014. The valuation of Council dwellings used beacon values to determine the total valuation.

Properties regarded as operational were valued on the basis of open market value for the existing use. Where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost basis was used.

#### **Effects of changes in Estimates**

In 2013/14 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

## NOTES TO THE *Core Financial Statements*

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### 12. Investment Properties

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The following items of income and expense, relating to Investment Properties, have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Income from investment property including capital grant credited to the Comprehensive Income and Expenditure Statement but appropriated to Reserves	(653)	(660)
Direct operating expenses arising from investment property	(300)	322
<b>Net (Gain)/Loss</b>	<b>(953)</b>	<b>(338)</b>

There are no restrictions on the Council's ability to realise the value inherent in Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The value of investment property held on the Balance Sheet is as follows:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	8,951	9,064
Additions:		
Construction	29	34
Subsequent Expenditure	0	0
Disposals	0	0
Net Gains/(Losses) from fair value adjustments	503	(147)
<b>Closing Balance</b>	<b>9,483</b>	<b>8,951</b>

### 13. Heritage Assets

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Heritage assets are those that are held and maintained principally for their contribution to knowledge and culture. They have historical, artistic, technological, geophysical or environmental qualities. All assets are deemed to have indefinite useful economic lives.

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	121	121
Additions	0	0
Disposals	0	0
Revaluations	0	0
Impairment losses/(reversals) recognised in Revaluation Reserve	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
Other Movements	0	0
<b>Closing Balance</b>	<b>121</b>	<b>121</b>

## NOTES TO THE Core Financial Statements

### 14. Intangible Assets

The Council accounts for software as Intangible Assets, to the extent that the software is not integral part of a particular IT system and accounted for as part of a hardware item.

The Intangible Assets included on the Balance Sheet relate to both purchased licences and internally generated software. All Intangible Assets are given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 5 years.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £0.177 million charged to revenue in 2013/14 was charged to IT Administration cost centre and then absorbed as an overhead across all the service headings in the net expenditure of respective services.

The movement in Intangible Asset balances during the year is as follows:

	2013/14 £'000	2012/13 £'000
Opening Balance		
Gross carrying amounts	3,406	3,403
Accumulated amortisation	(2,856)	(2,701)
<b>Net carrying amount – Opening Balance</b>	<b>550</b>	<b>702</b>
Additions	2	3
Amortisation for the period	(177)	(155)
<b>Net carrying amount – Closing Balance</b>	<b>375</b>	<b>550</b>
Comprising:		
Gross Carrying amounts	3,408	3,406
Accumulated amortisation	(3,033)	(2,856)
<b>Closing Balance</b>	<b>375</b>	<b>550</b>

### 15. Inventories

	2013/14 £'000	2012/13 £'000
Inventories	8	6

Inventories are valued on a First In First Out (FIFO) basis and relate to consumables.

### 16. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents (split across current assets and current liabilities) is made of the following elements:

	2013/14 £'000	2012/13 £'000
Cash held by the Council	1	1
Bank Current Accounts	(788)	(314)
Short-term deposits with Building Society/Banks	8,539	4,988
Regional Growth Funding – short-term deposit *	10,780	2,120
<b>Total Cash and Cash Equivalents held on Balance Sheet</b>	<b>18,532</b>	<b>6,795</b>

\* This balance relates to cash held in the bank at year end relating to Regional Growth Funding. The nature of all balances relating to this scheme are outlined in the Explanatory Forward.

## NOTES TO THE *Core Financial Statements*

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### 17. Investments

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The Council's investments are detailed below:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Short Term Investments < 1 Year	0	0
Long Term Investments > 1 Year	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>

All Council deposits in money market accounts at 31st March 2014 were being held for a period of less than 3 months and therefore have been classified as Cash and Cash Equivalents in line with the Code and Accounting Policies.

### 18. Long Term Receivables

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The value of Long Term Receivables as at 31st March is:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
North West Leicestershire District Council	136	149
Hinckley Museum	4	8
Car Loans to Employees	39	39
Sale of Council Houses	0	2
Atkins Cafe	10	14
National Non Domestic Rates	0	61
<b>Total Long Term Receivables</b>	<b>189</b>	<b>273</b>

### 19. Short Term Receivables

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The value of Short Term Receivables as at 31st March is:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Car Loans to Employees	20	30
Cycle Loans to Employees	4	0
Central Government Bodies	730	910
Other Local Authorities	280	98
Housing rent	239	299
Sundry debtors	4,438	3,092
Council Tax, Community Charge and NNDR	2,527	1,752
Prepayments	555	485
Provision for Doubtful Debts	(1,020)	(869)
<b>Total Short Term Receivables</b>	<b>7,773</b>	<b>5,797</b>

20. Short and Long Term Payables

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<i>Short Term Payables</i>		
Inland Revenue	195	212
Other Local Authorities	252	267
Housing Rents	91	67
Department for Energy and Climate Change *	170	375
Regional Growth Funding *	246	912
Sundry Creditors	2,647	3,010
Central Government Bodies	603	103
Council Tax and National Non Domestic Rates	2,283	1,478
<b>Total Short Term Payables</b>	<b>6,487</b>	<b>6,424</b>
<i>Long Term Payables</i>		
Sundry Payables	944	875
National Non Domestic Rates	0	61
<b>Total Payables</b>	<b>7,431</b>	<b>7,361</b>

\* These balances relate to elements of funding received in year which will be transferred to other bodies in 2014/15. The nature of all balances relating to these schemes are outlined in the Explanatory Forward

Included within the balance of Sundry Creditors are amounts that the Council holds in respect of Section 106 contributions from developers that are made for infrastructure provision/improvement as a result of developments they have received planning consent for. If the necessary provision/improvement is not made within the period of time specified in the Consent and associated agreement then the contribution is returned to the developer. An analysis of the amount held as at 31<sup>st</sup> March is set out below.

	<b>2013/14</b>			<b>2012/13</b>		
	<b>Repayable in less than 1 year £'000</b>	<b>Repayable in more than 1 year £'000</b>	<b>Total £'000</b>	<b>Repayable in less than 1 year £'000</b>	<b>Repayable in more than 1 year £'000</b>	<b>Total £'000</b>
Section 106	157	625	782	223	702	925
Play and Open Space	307	1,328	1,635	231	173	404
<b>Total</b>	<b>464</b>	<b>1,953</b>	<b>2,417</b>	<b>454</b>	<b>875</b>	<b>1,329</b>

## NOTES TO THE *Core Financial Statements*

### 21. Provisions

	Capital Cost of Early Retirement Provision £'000	Redundancy Cost Provision £'000	Planning Appeal Provision £'000	Business Rate Appeals Provision £'000	Enforcement Appeal Provision £'000	Total £'000
Balance at 1st April 2013	161	56	0	0	0	217
Additional provisions arising in the year	0	0	70	215	8	292
Amounts used during the year	(131)	(56)	0	0	0	(187)
<b>At 31st March 2014</b>	<b>30</b>	<b>0</b>	<b>70</b>	<b>215</b>	<b>8</b>	<b>322</b>

Provisions are split on the Balance Sheet as follows:

	<b>2013/14</b>
	<b>£'000</b>
Short Term Provisions	107
Long Term provisions	215
<b>Total Provisions</b>	<b>322</b>

The Council creates provisions in order to recognise liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The Council currently operates five provisions, details of which are set out below:

- Capital Cost of Early Retirement – when an employee leaves the employment of the Council before their normal retirement date and receives immediate payment of their pension benefits there is an actuarial strain on the Pension Fund. Where the retirement is due to reasons other than ill health retirement the Council is required to make a payment to the Pension Fund to cover the value of the strain. Whilst the liability needs to be recognised immediately, Pension Scheme Regulations allow employers to make equal annual payments over a period of up to 5 years and the timing of outflows from this provision will be made in line with the agreed period. This provision represents the unexpended amount of the liability.
- Redundancy Cost – International Financial Reporting Standards require that the cost of redundancy terminations are recognised in the accounts when it becomes certain that they will occur and when they can be quantified. Where terminations are approved in one financial year but will not occur until the next an estimate of the costs is recognised in the year of account the redundancy is approved and shown as a provision in the accounts. The provision will be utilised when the redundancy occurs and payments made to the employee.
- Planning Appeals – Where planning appeal hearings or judicial review dates are known as at the year end and external Counsel deem that costs are likely to be awarded as a result of this process, a provision is made for an estimate of these costs.

## NOTES TO THE *Core Financial Statements*

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### 21. Provisions (continued)

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- Business Rates – Under Business Rates Retention, the Council is required to make provisions for refunding ratepayers who have appealed against the rateable value of their property on the rating list and may be successful. This estimate is based on an analysis of the Valuation Office Agency (VOA) listings and is provided by an external advisor. The timing of these appeals is dependent on the VOA. The Government has committed to ensuring that 95% of all appeals will be heard by 2016 and therefore for the purpose of the Balance Sheet, the provision has been classified as long term. In accordance with Business Rates Retention guidance, 40% of the total provision is attributable to the billing authority with the remainder being allocated to major preceptors and central Government.
- Enforcement Appeal – This provision relates to the costs associated with a legal hearing current ongoing regarding noise levels in the Borough. These costs were recommended by the Ombudsman as at 31<sup>st</sup> March 2014 but clarification on the liability will not be known until 2014/15.

### 22. Other Long term Liabilities

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The amount of other long term liabilities shown in the Balance Sheet are made up as follows:

	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>
Pensions Liability (see note 40)	31,142	25,187
Finance lease liabilities	9,387	1,763
<b>Total Long Term Liabilities</b>	<b>40,529</b>	<b>26,950</b>

### 23. Usable Reserves

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Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and in notes 6 and 7.



## NOTES TO THE Core Financial Statements

### 24. Unusable Reserves

The Council has a number of reserves which are used for accounting purposes and cannot be used for the provision of services. The balance of these reserves are:

	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>
Revaluation Reserve	(4,853)	(1,308)
Capital Adjustment Account	(55,596)	(52,867)
Financial Instrument Adjustment Account	22	25
Deferred Capital Receipts Reserve	(1,035)	(1,037)
Collection Fund Adjustment Account – Council Tax	(45)	7
Collection Fund Adjustment Account – NNDR	47	0
Pension Fund Reserve	31,171	25,348
Accumulated Absences Adjustment Account	148	175
<b>Total Unusable Reserves</b>	<b>(30,141)</b>	<b>(29,657)</b>

(NB – figures in brackets represent credit balances)

#### Revaluation Reserve

The Revaluation Reserve contains the gains arising from increase in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when asset with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date the reserve was created.

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
<b>(3,039)</b>	Balance at 1st April	<b>(1,308)</b>
(752)	Upward revaluation of assets	(3,556)
58	Downward revaluation of assets and impairment losses not charged to the Surplus/deficit on the provision of services	6
2,425	Accumulated gains on assets sold or scrapped/ written off to the Capital Adjustment Account	5
<b>(1,308)</b>	<b>Balance at 31st March</b>	<b>(4,853)</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

## NOTES TO THE *Core Financial Statements*

### 24. Unusable Reserves (continued)

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>(52,366)</b>	Balance at 1st April	<b>(52,867)</b>
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:</i>	
4,064	Charges for depreciation and impairment of non current Assets	4,288
(304)	Revaluation losses/gains on Property, Plant and Equipment	(2,155)
291	Revenue expenditure funded from Capital under statute	1,441
535	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,055
<u>4,586</u>		<u>4,629</u>
0	Adjusting amounts written out of the revaluation reserve	0
<u>(47,780)</u>		<u>(48,238)</u>
	<i>Capital financing applied in the year:</i>	
(1,341)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,221)
(2,071)	Use of the Major Repairs Reserve to finance new capital expenditure	(2,162)
(89)	Capital grants and contributions credited to the Comprehensive and Income and Expenditure statement that have been applied to capital financing	(167)
(40)	Application of grants to capital financing from the Capital Grants Unapplied Account	(922)
(1,431)	Statutory provisions for financing of capital investment charged against the General Fund and HRA balances	(856)
(262)	Capital expenditure charged against the General Fund and HRA balances	(1,527)
<u>(5,234)</u>		<u>(6,854)</u>
147	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(503)
<u><b>(52,867)</b></u>	<b>Balance at 31st March</b>	<u><b>(55,596)</b></u>

24. Unusable Reserves (continued)

**Financial Instrument Adjustment Account**

This account absorbs timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and bearing losses or benefiting from gains per statutory provisions.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>28</b>	<b>Balance at 1st April</b>	<b>25</b>
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
1	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	0
<u>1</u>		<u>0</u>
(4)	Amount by which finance costs charged to Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance to statutory requirements	(3)
<u><b>25</b></u>	<b>Balance at 31st March</b>	<u><b>22</b></u>

**Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>(4)</b>	<b>Balance at 1st April</b>	<b>(1,037)</b>
(1,033)	Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2
<u><b>(1,037)</b></u>	<b>Balance at 31st March</b>	<u><b>(1,035)</b></u>

**Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as if falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>(6)</b>	<b>Balance at 1st April</b>	<b>7</b>
13	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance to Statutory requirements	(52)
0	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance to Statutory requirements	47
<u><b>7</b></u>	<b>Balance at 31st March</b>	<u><b>2</b></u>

24. Unusable Reserves (continued)

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**Pension Fund Reserve**

This reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. The arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>20,812</b>	<b>Balance at 1st April</b>	<b>25,348</b>
3,947	Actuarial gains and losses on pensions assets and liabilities	4,746
2,191	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of services in the Comprehensive Income and Expenditure Statement	2,841
(1,471)	Employers pension contributions and direct payments to pensioners payable in the year	(1,632)
(131)	Capital cost of early retirement	(132)
<b>25,348</b>	<b>Balance at 31st March</b>	<b>31,171</b>

**Accumulated Absences Adjustment Account**

This account absorbs the differences that would otherwise arise on General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>178</b>	<b>Balance at 1st April</b>	<b>175</b>
(178)	Settlement or cancellation of accrual made at the end of the preceding year	(175)
175	Amounts accrued at the end of the current year	148
<b>175</b>	<b>Balance at 31st March</b>	<b>148</b>

25. Cash Flow Statement – Operating Activities

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The cash flow for operating activities includes the following items:

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
(38)	Interest Received (See note 9)	(68)
<b>2,333</b>	Interest Paid (See note 9)	<b>2,794</b>

## NOTES TO THE *Core Financial Statements*

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### 26. Cash Flow Statement – Investing Activities

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The cash flow for investing activities includes the following items:

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
137,593	Purchase of short-term and long-term investments	120,039
5,094	Purchase of property, plant and equipment, investment property and intangible assets	5,279
(2,188)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(1,326)
(144,701)	Proceeds from short-term and long-term investments	(117,199)
(148)	Other proceeds not in above	(9,601)
<b>(4,350)</b>	<b>Net cash flows from investing activities</b>	<b>(2,808)</b>

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### 27. Cash Flow Statement – Financing Activities

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<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
(7,000)	Cash Receipts from short and long term borrowing	(4,650)
273	Cash payments for the reduction of outstanding liabilities relating to Finance Leases	451
10,600	Repayment of short and long term borrowing	4,650
(11)	Other Payments not in above	519
<b>3,862</b>	<b>Net cash flows from financing activities</b>	<b>970</b>

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### 28. Trading Operations

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The Council operated the following trading services in 2013/14 for which outturn income and expenditure was as shown in the table below:

- Markets – the operation of a market in Hinckley Town Centre.
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses.
- Grounds Maintenance DSO – an internal business unit that provides grounds maintenance services to all parts of the Council.
- Housing Repairs DSO – an internal business unit that provides housing repair services to the Borough Council.

## NOTES TO THE Core Financial Statements

### 28. Trading Operations (continued)

	2013/14 Income	2013/14 Expenditure	2013/14 (Surplus)/ Deficit	2012/13 (Surplus)/ Deficit
	£'000	£'000	£'000	£'000
Markets	(162)	199	37	52
Industrial Estates	(1,184)	197	(987)	(304)
Grounds Maintenance DSO	(978)	933	(45)	(124)
Housing Repairs DSO	(1,609)	1,600	(9)	11
External Paintings	(106)	105	(1)	0
<b>Net Surplus on ordinary activities</b>	<b>(4,039)</b>	<b>3,034</b>	<b>(1,005)</b>	<b>(365)</b>
Net impact of extra-ordinary items on (surplus)/deficit			0	0
Market Value Impairment			521	(179)
<b>Net (surplus)/deficit reported in Financing and Investment Income and Expenditure (note 9)</b>			<b>(484)</b>	<b>(544)</b>

### 29. Members' Allowances

Total members' allowances paid in 2013/14 were £165,885 (2012/13 - £166,017) and £6,271 were paid for members' expenses (2012/13 - £7,749).

### 30. External Audit Costs

In 2013/14 Hinckley and Bosworth Borough Council incurred the following fees relating to external audit and inspection:

	2013/14 £'000	2012/13 £'000
Fees payable to the PricewaterhouseCoopers LLP with regards to external audit services carried out by the appointed auditor	65	65
Fees payable to the PricewaterhouseCoopers LLP for the certification of grant claims and returns	29	46
Rebate received from The Audit Commission	(9)	0
<b>Total fees payable</b>	<b>85</b>	<b>111</b>

In 2013/14, PricewaterhouseCoopers LLP provided £9,800 of non audit services to the Council for the delivery of a fraud awareness workshop and VAT advice relating to partial exemption and implications of the Crescent development. Adequate safeguards were put in place to maintain independence.

31. Grant Income

	2013/14 £'000	2012/13 £'000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Revenue Support Grant	3,001	102
New Homes Bonus	1,042	711
Council Tax Freeze Grant	147	106
Council Tax Support Grant	545	0
<b>Total</b>	<b>4,735</b>	<b>919</b>
<b>Credited to Services:</b>		
Disabled Facilities	198	245
Waste and Recycling	997	1,010
Regional Growth Funding	10,651	365
Homelessness	59	120
Housing Benefit Administration	511	541
Benefit Reimbursements	18,758	24,349
Regional Improvement Efficiency Partnership	0	9
Decent Homes	9	11
Locality Partnership (Sure Start)	330	401
Community Safety	26	71
Sports Grants	293	189
Play and Open Space	0	227
Developer Contributions	21	1
Elections	122	140
NNDR Cost of Collection	123	123
Supporting People and other HRA grants	457	439
Green Deal and Fuel Poverty Funding	2,193	2,708
Homes and Communities Agency	25	0
Capitalisation Provision Redistribution Grant	18	0
New Burdens	51	0
Small Business Rates Relief	424	0
Community Grants	16	0
Local Council Tax 8.5% Scheme	15	0
EU Inspire	7	0
Growth Point Funding	25	0
Environmental Improvements	17	0
Other	0	38
<b>Total</b>	<b>35,346</b>	<b>30,987</b>

The Council has £11,056 of income held as a capital grant received in advance. This relates to a grant from the East Midlands Development Agency which is yet to be recognised as income as it has conditions attached that will require the monies to be returned to the giver.

### 32. Related Party Transactions

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The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to act independently or might have secured the ability to limit another party's ability to bargain with the Council.

Central Government has effective control over the general operations of the Council - it is responsible for providing statutory framework within the Council operates provides the majority of its funding via grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Housing Benefits).

Other Local Authorities, most notably Leicestershire County Council (LCC) also provide significant levels of income to the Council and charges are made in return. Total income received from LCC was £2.367million. Total expenditure including precept payments was £50.449 million.

The details of Government Grants received are detailed in note 31. Employer's contributions paid to the Pension Fund are shown in note 40. Receivables and payables to other Local Authorities are detailed in notes 19 and 20.

Members of the Council and Chief Officers have direct control over the Council's financial and operating policies. Three (2012/13 – Three) related party declarations have been made in 2013/14 as follows:

- One elected member is the Treasurer for Community Action, Hinckley and Bosworth which received £32,020 of funding from the Council in 2013/14 (2012/13 - £20,463).
- One member has declared that two members of his family provide buffets for Council occasions. The Council has paid this organisation £778 in 2013/14 for these services. (2012/13 - £1,212)



**33. Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note

	<b>2013/14</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>87,305</b>	<b>85,251</b>
<b>Capital Investment</b>		
Property Plant and Equipment	12,958	5,446
Investment Properties	29	34
Intangible Assets	2	3
Revenue Expenditure funded from Capital under Statute	4,206	1,633
Total Expenditure in year	<u>17,195</u>	<u>7,116</u>
<b>Internal Financing of Capital Expenditure</b>		
Application of Usable Capital Receipts	(1,221)	(1,341)
Application Capital Grants Contributions/ Reserves	(4,742)	(1,471)
Capital Financed from Revenue	<u>(3,648)</u>	<u>(2,250)</u>
Total Internal Financing	<u>(9,611)</u>	<u>(5,062)</u>
<b>Closing Capital Financing Requirement</b>	<b><u>94,889</u></b>	<b><u>87,305</u></b>
<b>Explanation of Movements in year:</b>		
Increase in underlying need for borrowing		
Supported by Government Financial Assistance	0	0
Unsupported by Government Financial Assistance	7,584	2,054
<b>Increase in Capital Financing Requirement</b>	<b><u>7,584</u></b>	<b><u>2,054</u></b>

## NOTES TO THE Core Financial Statements

### 34. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Strategic Leadership Board (SLB) on the basis of the budget reports analysed across the services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year; and
- support service recharges are excluded for internal reporting for services.

#### Income and Expenditure Analysis 2013/14

	Leisure and Environment	Planning	DSO	Central Services to public	Support Services	Housing General Fund	Housing Revenue	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(2,506)	(2,812)	(2,693)	(1,057)	(4,300)	(19,620)	(12,274)	(45,263)
Other Government Grants	0	(180)	0	(382)	0	(51)	0	(612)
<b>Total Income</b>	<b>(2,506)</b>	<b>(2,992)</b>	<b>(2,693)</b>	<b>(1,439)</b>	<b>(4,300)</b>	<b>(19,671)</b>	<b>(12,274)</b>	<b>(45,875)</b>
Employee expenses	3,200	1,608	1,407	248	2,942	413	1,411	11,229
Other service expenses	3,740	1,581	908	2,105	4,854	21,007	8,995	43,190
<b>Total Expenditure</b>	<b>6,940</b>	<b>3,189</b>	<b>2,315</b>	<b>2,353</b>	<b>7,796</b>	<b>21,420</b>	<b>10,406</b>	<b>54,419</b>
<b>Net Expenditure</b>	<b>4,434</b>	<b>197</b>	<b>(378)</b>	<b>914</b>	<b>3,496</b>	<b>1,749</b>	<b>(1,868)</b>	<b>8,544</b>

#### Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2012/13 £'000		2013/14 £'000
4,357	Net Expenditure in the Directorate analysis	8,512
(1,808)	Net expenditure of services and support services not included in the analysis	(2,088)
322	Amounts in the Comprehensive Income and Expenditure Statement not reported to the management analysis	(14,038)
<b>2,871</b>	<b>Cost of services in Comprehensive Income and Expenditure Statement</b>	<b>(7,614)</b>

34. Amounts Reported for Resource Allocation Decisions (continued)

**2013/14 Reconciliation to Subjective Analysis**

	Directorate Analysis	Net expenditure of services and support services not included in the analysis	Comprehensive Income and Expenditure Statement not reported to the Management	Additional Segments not included in analysis but included in income and expenditure statement	Cost of services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(45,263)	0	(10,089)	1,803	<b>(53,549)</b>	(3,519)	<b>(57,068)</b>
Interest and Investment income	0	0	0	0	<b>0</b>	(35)	<b>(35)</b>
Expected Return on Pension Assets	0	0	0	0	<b>0</b>	(1,774)	<b>(1,774)</b>
Government Grants and Contributions	(612)	0	0	0	<b>(612)</b>	0	<b>(612)</b>
Income From Council Tax	0	0	0	0	<b>0</b>	(12,004)	<b>(12,004)</b>
<b>Total Income</b>	<b>(45,875)</b>	<b>0</b>	<b>(10,089)</b>	<b>1,803</b>	<b>(54,161)</b>	<b>(17,332)</b>	<b>(71,493)</b>
Employee expenses	11,228	0	(25)	(656)	<b>10,547</b>	1,491	<b>12,038</b>
Other service expenses	43,160	0	(4,440)	(353)	<b>38,398</b>	496	<b>38,863</b>
Depreciation, amortisation and impairment	0	0	(278)	0	<b>(278)</b>	91	<b>(187)</b>
Support services recharges	0	0	0	0	<b>0</b>	435	<b>435</b>
Interest Payments	0	(2,088)	0	0	<b>(2,088)</b>	2,760	<b>672</b>
Pension Interest Costs	0	0	0	0	<b>0</b>	2,908	<b>2,908</b>
Precepts and Levies	0	0	0	0	<b>0</b>	1,603	<b>1,603</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	<b>0</b>	337	<b>337</b>
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	<b>0</b>	(272)	<b>(272)</b>
<b>Total Expenditure</b>	<b>54,388</b>	<b>(2,088)</b>	<b>(4,743)</b>	<b>(1,009)</b>	<b>46,579</b>	<b>9,849</b>	<b>56,397</b>
<b>Surplus or Deficit on the provision of services</b>	<b>8,512</b>	<b>(2,088)</b>	<b>(14,832)</b>	<b>794</b>	<b>(7,582)</b>	<b>(7,483)</b>	<b>(15,096)</b>

## NOTES TO THE *Core Financial Statements*

### 34. Amounts Reported for Resource Allocation Decisions (continued)

#### **Income and Expenditure Analysis 2012/13**

	Leisure and Environment £'000	Planning £'000	DSO £'000	Central Services to public £'000	Support Services £'000	Housing General Fund £'000	Housing Revenue £'000	Total £'000
Fees, charges and other service income	(2,465)	(3,132)	(415)	(6,721)	(1,065)	(21,148)	(11,891)	<b>(46,837)</b>
Other Government Grants	(7)	(45)	0	0	0	(75)	(2,880)	<b>(3,007)</b>
<b>Total Income</b>	<b>(2,472)</b>	<b>(3,177)</b>	<b>(415)</b>	<b>(6,721)</b>	<b>(1,065)</b>	<b>(21,223)</b>	<b>(14,771)</b>	<b>(49,844)</b>
Employee expenses	3,007	1,455	1,472	365	2,794	381	1,422	<b>10,896</b>
Other service expenses	3,503	1,496	(1,253)	7,891	2,381	19,485	9,802	<b>43,305</b>
<b>Total Expenditure</b>	<b>6,510</b>	<b>2,951</b>	<b>219</b>	<b>8,256</b>	<b>5,175</b>	<b>19,866</b>	<b>11,224</b>	<b>54,201</b>
<b>Net Expenditure</b>	<b>4,038</b>	<b>(226)</b>	<b>(196)</b>	<b>1,535</b>	<b>4,110</b>	<b>(1,357)</b>	<b>(3,547)</b>	<b>4,357</b>

34. Amounts Reported for Resource Allocation Decisions (continued)

**2012/13 Reconciliation to Subjective Analysis**

	Directorate Analysis	Net expenditure of services and support services not included in the analysis	Comprehensive Income and Expenditure Statement not reported to the Management	Additional Segments not included in analysis but included in income and expenditure statement	Cost of services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(46,837)	0	0	3,303	(43,534)	(3,303)	(46,837)
Interest and Investment income	0	11	0	0	11	(38)	(27)
Expected Return on Pension Assets	0	0	0	0	0	(1,879)	(1,879)
Government Grants and Contributions	(3,007)	0	0	0	(3,007)	0	(3,007)
Income From Council Tax	0	0	0	0	0	(11,946)	(11,946)
<b>Total Income</b>	<b>(49,844)</b>	<b>11</b>	<b>0</b>	<b>3,303</b>	<b>(46,530)</b>	<b>(17,166)</b>	<b>(63,696)</b>
Employee expenses	10,896	0	0	(1,546)	9,350	2,939	12,289
Other service expenses	43,305	0	0	(1,221)	42,084	0	42,084
Support services recharges	0	0	(43)	(171)	(214)	0	(214)
Interest Payments	0	(2,066)	0	0	(2,066)	2,332	266
Pension Interest Costs	0	0	0	0	0	2,648	2,648
Precepts and Levies	0	0	0	0	0	1,505	1,505
Payments to Housing Capital Receipts Pool	0	0	0	0	0	292	292
Gain or Loss on Disposal of Non Current Assets	0	247	0	0	247	(247)	0
<b>Total Expenditure</b>	<b>54,201</b>	<b>(1,819)</b>	<b>(43)</b>	<b>(2,938)</b>	<b>49,401</b>	<b>9,469</b>	<b>58,870</b>
<b>Surplus or Deficit on the provision of services</b>	<b>4,357</b>	<b>(1,808)</b>	<b>(43)</b>	<b>365</b>	<b>2,871</b>	<b>(7,697)</b>	<b>(4,826)</b>

**35. Officers' Remuneration**

The number of employees, not including senior staff disclosed separately below, whose remuneration, in the year, including employer's pension contributions, was £50,000 or more in bands of £5,000 were:

<b>Remuneration Band</b>	<b>2013/14 Number of employees</b>	<b>2012/13 Number of employees</b>
£50,000 - £54,999	3	1
£55,000 - £60,000	1	0

The following table sets out in detail the remuneration for Senior Officers whose salary is £50,000 or more per year:

<b>Post holder information (Post title)</b>	<b>Year</b>	<b>Salary (including fees and allowances)</b>	<b>Bonuses</b>	<b>Expense Allowances</b>	<b>Compensation for loss of Office</b>	<b>Benefits in Kind (e.g. Car Allowance)</b>	<b>Total Remuneration Excluding pension contributions</b>	<b>Pension Contribution</b>	<b>Total Remuneration Including pension contributions</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive (Steve Atkinson)	2012/13	136,712	0	0	0	0	136,712	23,925	160,637
	2013/14	136,712	0	0	0	0	136,712	25,428	162,140
Deputy Chief Executive Community Direction	2012/13	95,231	0	0	0	0	95,231	16,665	111,896
	2013/14	95,231	0	0	0	0	95,231	17,713	112,944
Deputy Chief Executive Corporate Direction	2012/13	105,231	0	0	0	0	105,231	18,415	123,646
	2013/14	95,231	0	0	0	0	95,231	17,713	112,944
Head of Business Development and Street Scene Services	2012/13	79,773	0	0	17,000	0	96,773	10,371	107,144
	2013/14	0	0	0	0	0	0	0	0
Head of Corporate Governance & Customer Engagement	2012/13	65,100	0	0	0	0	65,100	11,392	76,492
	2013/14	67,500	0	0	0	0	67,500	12,555	80,055
Head of Community Services Housing	2012/13	62,700	0	0	0	0	62,700	10,972	73,672
	2013/14	67,500	0	0	0	0	67,500	12,555	80,055
Chief Officer Environmental Health	2012/13	60,602	0	0	0	0	60,602	10,552	71,154
	2013/14	67,500	0	0	0	0	67,500	12,555	80,055
Chief Officer-Finance, ICT, Asset Management, Audit and Procurement	2012/13	60,300	0	0	0	549	60,849	10,552	71,401
	2013/14	67,500	0	0	0	0	67,500	12,555	80,055

## NOTES TO THE *Core Financial Statements*

### 35. Officers Remuneration (continued)

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14 £	2012/13 £
£0 - £20,000	0	0	5	5	5	5	36,574	53,487
£20,001 – £40,000	0	0	0	2	0	2	0	60,334
£40,001-£60,000	0	0	0	2	0	2	0	96,387
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>36,574</b>	<b>210,208</b>

No capital costs of early retirement have been incurred in year.

## NOTES TO THE *Core Financial Statements*

### 36. Leases

#### Council as Lessee

##### Finance Leases

The Council has acquired vehicles and office premises under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>
Other Land and Buildings	8,075 *	60
Vehicles, Plant, Furniture and Equipment	1,535	1,791
<b>Total Value</b>	<b>9,610</b>	<b>1,851</b>

\* Relates to the Hinckley Hub office building

The Council is committed to making payments under these leases comprising settlement of long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
<b>Finance lease liabilities (net present value of minimum lease payments):</b>		
Current	358	404
Non Current	9,030	1,359
Finance Costs payable in future years	13,065	259
<b>Minimum Lease Payments</b>	<b>22,453</b>	<b>2,022</b>

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>
Within One year	965	493	358	404
Between one and five years	3,540	1,467	1,347	1,297
After five years	17,948	62	7,682	62
<b>Total</b>	<b>22,453</b>	<b>2,022</b>	<b>9,387</b>	<b>1,763</b>

##### Operating Leases (As Lessee)

The Council has acquired 10 photocopiers by entering into operating leases. On the 1st April 2010 the Council entered into a new three year lease and in 2013/14 paid an annual rental charge of £9,337.

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Not later than one year	9	5
Later than one year and not later than five years	0	0
<b>Total Payments</b>	<b>9</b>	<b>5</b>



## NOTES TO THE *Core Financial Statements*

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### 36. Leases (continued)

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#### **Operating Leases (As Lessor)**

The Council acts as a lessor for industrial and commercial units, rented under operating leases. In addition to this the Council commenced a number of license type leases in 2013/14 for rental of space in the Hinckley Hub. The total rental income from the operating leases was £1,058,468 (£940,647 2012/13).

Lease payments due

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	1,545	826
Later than one year and not later than five years	6,657	3,354
	<b>8,202</b>	<b>4,180</b>

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### 37. Impairment Review

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During 2013/14, the Council has undergone an impairment review through the following means:

- An external review of the market value of assets by the Council's external valuer; and
- Review of assets for obsolescence by the Council's Estates and Asset Manager

As a result of the above, the Council has recognised a net impairment loss of £1.626 million in the Comprehensive Income and Expenditure Statement split as follows:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Property Plant and Equipment	1,611	716
Investment Property	15	415
<b>Total Impairment Loss</b>	<b>1,626</b>	<b>1,131</b>

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### 38. Capitalisation of Borrowing Costs

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No borrowing costs have been capitalised in the year. (£nil in 2012/13)

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### 39. Termination Benefits

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The Council made payments relating to voluntary redundancy/exit packages to employees in 2013/14 totalling £92,704 (£65,328 in 2012/13) and incurred capital costs of early retirement amounting to £25,240 (£63,511 in 2012/13). Of these amounts, £56,130 relating to packages and £25,240 relating to the capital costs of early retirement were provided for in 2012/2013. All capital costs associated with early retirement were funded by Leicestershire County Council Pension Fund. See note 35 for the number of exit packages and the cost per band. The cost of exit packages in 2013/14 was £36,574, which together with payments of £56,130 associated with previous periods, total £92,704.

### **40. Pensions and Retirement Benefits**

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Local Authorities are required to recognise the full requirements of International Accounting Standard 19 (IAS 19).

The objectives of IAS 19 are to ensure that:-

- a) Financial statements reflect at fair value assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- b) The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- c) The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The accounting entries required under have no impact on the Council Tax liability.

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council. This is a funded, defined benefit, final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The Council pays contributions to the Leicestershire County Council Pension Fund, which provides its members with defined benefits related to pay and service.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Leicestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

#### Payments to the Pension Fund

It is budgeted that the Council will pay Leicestershire County Council £1.533 million in employer's pension contributions in the year 2014/15.

#### Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Statement of Movement in Reserves during the year:

## NOTES TO THE *Core Financial Statements*

### 40. Pensions and Retirement Benefits (continued)

#### Income and Expenditure Account

##### Local Government Pension Scheme

Income and Expenditure Account	2013/14 £'000	2012/13 £'000
<b>Net Cost of Service</b>		
Current Service Cost	1,678	1,285
Past Service Cost (Gain)	0	0
Effect of Curtailments/Settlements	15	123
Administration Expenses	14	14
<b>Net Operating Expenditure</b>		
Net Interest Cost	1,134	769
<b>Total charged to CIES</b>	<b>2,841</b>	<b>2,191</b>
<b>Statement of Movement on the General Fund Balance</b> (Reversal of) Net Charges Made for Retirement Benefits in Accordance with IAS19	(2,841)	(2,191)
<b>Actual Amount Charged Against General Fund Balance for Pensions in Year</b>	<b>1,550</b>	<b>1,385</b>

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £4.746million (2012/13 losses of £3.947million) were included in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2014 is £28.608million (£23.862million to 31st March 2013).

##### Local Government Pension Scheme

Balance Sheet Recognition	31 <sup>st</sup> March 2014 £'000	31 <sup>st</sup> March 2013 £'000
Present value of the defined benefit obligation	73,173	64,713
Fair value of plan assets	(42,031)	(39,526)
<b>Net liability arising from defined benefit obligation</b>	<b>31,142</b>	<b>25,187</b>

40. Pensions and Retirement Benefits (continued)

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme			
	2013/14	2013/14	2012/13	2012/13
	Unfunded	Funded	Unfunded	Funded
	£'000	£'000	£'000	£'000
Fair value of plan assets at 1 April	0	39,526	0	34,779
Interest on plan assets	0	1,774	0	1,664
Remeasurements (assets)	0	885	0	3,283
Employer contributions	82	1,550	86	1,385
Member contributions	0	477	0	457
Benefits/transfers paid	(82)	(2,181)	(86)	(2,042)
<b>Fair Value of plan assets as at 31 March</b>	<b>0</b>	<b>42,031</b>	<b>0</b>	<b>39,526</b>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme			
	2013/14	2013/14	2012/13	2012/13
	Unfunded	Funded	Unfunded	Funded
	£'000	£'000	£'000	£'000
Benefit obligation at 1 April	1,357	63,356	1,443	53,856
Current service cost	0	1,678	0	1,285
Interest on pension liabilities	0	2,908	0	2,648
Member contributions	0	477	0	457
Past service cost (gain)	0	15	0	123
Remeasurements (liabilities)	79	5,552	0	7,015
Benefits/transfers paid	(82)	(2,181)	(86)	(2,042)
Administration expenses	0	14	0	14
<b>Benefit obligation as at 31 March</b>	<b>1,354</b>	<b>71,819</b>	<b>1,357</b>	<b>63,356</b>

## NOTES TO THE *Core Financial Statements*

### 40. Pensions and Retirement Benefits (continued)

Local Government Pension Scheme Assets comprised:

#### Local Government Pension Scheme Assets

<b>Asset Category</b>	<b>31<sup>st</sup> March 2014 £'000</b>	<b>31<sup>st</sup> March 2013 £'000</b>
Cash & Cash Equivalents	954	897
<b>Equity Instruments</b>		
Other	1,544	1,452
<b>Bonds</b>		
Government	520	489
Other	3,005	2,826
<b>Property</b>		
UK Property	3,929	3,695
<b>Private Equity</b>		
All	1,649	1,551
<b>Other Investment Funds</b>		
Equities	21,191	19,928
Bonds	2,766	2,601
Hedge Funds	1,436	1,351
Commodities	1,904	1,791
Infrastructure	954	896
Other	2,179	2,049
Derivatives	0	0
<b>Total</b>	<b>42,031</b>	<b>39,526</b>

#### Scheme History

	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>	<b>31st March 2012 £'000</b>	<b>31st March 2011 £'000</b>	<b>31st March 2010 £'000</b>	<b>31st March 2009 £'000</b>
Present Value of Scheme Liabilities	(73,173)	(64,713)	(55,299)	(49,562)	(63,734)	(39,336)
Fair Value of Scheme Assets	42,031	39,526	34,779	34,690	37,342	26,932
<b>Net (Liability)/ Asset</b>	<b>(31,142)</b>	<b>(25,187)</b>	<b>(20,520)</b>	<b>(14,872)</b>	<b>(26,392)</b>	<b>(12,404)</b>

40. Pensions and Retirement Benefits (continued)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The County Council fund liabilities have been assessed by the actuaries Hymans Robertson. The principal assumptions used by the actuary have been:

<b>Assumptions as at :</b>	<b>31st March 2014 Per Annum</b>	<b>31st March 2013 Per Annum</b>
Price Increases	2.8%	2.8%
Rate of Increase in Salaries	4.6%	5.1%
Rate for Discounting Scheme Liabilities	4.3%	4.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Changes in assumptions at 31 March 2014</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	10	7,134
1 year increase in member life expectancy	3	2,195
0.5% increase in the Salary Increase Rate	3	2,296
0.5% increase in the Pension Increase Rate	6	4,730

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next few years. The contribution rate is determined by the County Fund's Actuary based on triennial actuarial valuation. A full valuation was carried as at 31st March 2013. A roll forward valuation is performed by the actuary in the years between full valuations.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England & Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

### 41. Financial Instruments

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#### **Financial Instruments Balances**

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments

	Long-Term		Current	
	31st March 2014 £'000	31st March 2013 £'000	31st March 2014 £'000	31st March 2013 £'000
Financial liabilities *	72,909	71,889	4,009	4,760
Finance lease liabilities	9,029	1,359	358	404
Financial Assets*	189	212	4,691	4,012
Soft loans provided (included in financial assets above)**	53	61	24	30

\* - Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

\*\* - The Council has made loans to voluntary organisations and to staff under the Assisted Car Purchase Scheme at less than market rates (soft loans). In addition loans have been made to the Hinckley Museum and Atkins Cafe to cover repairs to the property and equipment. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## NOTES TO THE Core Financial Statements

### 41. Financial Instruments (continued)

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

#### **Financial instruments Gains/Losses**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2013/14

	<b>Liabilities measured at amortised cost £'000</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
Interest expense	2,794	0	2,794
Interest Income	0	(68)	(68)
<b>Net (gain)/loss for the year</b>	<b>2,794</b>	<b>(68)</b>	<b>2,726</b>

2012/13

	<b>Liabilities measured at amortised cost £'000</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
Interest expense	2,333	0	2,333
Interest income	0	(38)	(38)
<b>Net loss/(gain) for the year</b>	<b>2,333</b>	<b>(38)</b>	<b>2,295</b>

#### **Fair value of Assets and Liabilities carried at Amortised Cost**

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.



## NOTES TO THE *Core Financial Statements*

### 41. Financial Instruments (continued)

The fair values calculated are as follows:

	31st March 2014		31st March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount	Fair value
PWLB debt	70,952	72,417	70,952	78,120
Long term payables	944	944	875	875
<b>Total Liabilities</b>	<b>71,896</b>	<b>73,361</b>	<b>71,827</b>	<b>78,995</b>

The fair value of PWLB debt is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

	31st March 2014		31st March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount	Fair value
Money market loans	0	0	0	0
Long term Receivables	189	189	127	232
<b>Total Assets</b>	<b>189</b>	<b>189</b>	<b>127</b>	<b>232</b>

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

### **Disclosure of nature and extent of risk arising from Financial Instruments**

#### Key risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Re-financing risk and maturity risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### 41. Financial Instruments (continued)

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#### Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Strategy and treasury management clauses within its financial regulations/standing orders/constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt; and
  - its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting Budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy which incorporates the Prudential Indicators was approved by Council on 20<sup>th</sup> February 2014 and is available on the Council website. The key points within the Strategy were:

- The Authorised Limit for 2013/14 was set at £94.878 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £85.478 million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at £16million and £4million based on the Council's net debt.

These policies are implemented by the Chief Financial Officer and the Finance Section. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed annually and approved by Council as part of the budget process.

### 41. Financial Instruments (continued)

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#### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy element of the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, Support 3 and Individual C (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- Guaranteed Banks with suitable sovereign support;
- Building societies which meet the required credit ratings and hold assets in excess of £500m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £5million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2014 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its customers, such that the majority of the general debtor balance within its due date for payment. The past due amount can be analysed by age as follows:

	<b>General Receivables 31st March 2014 £'000</b>	<b>General Receivables 31st March 2013 £'000</b>
<30 days	1,609	794
30-59 days	190	80
60-89 days	40	156
90-119 days	68	15
>120 days	379	350
<b>Total</b>	<b>2,286</b>	<b>1,395</b>

Collateral – During the reporting period the Council held no collateral as security.

### 41. Financial Instruments (continued)

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#### Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	<b>31st March 2014 £'000</b>	<b>31st March 2013 £'000</b>
Less than 1 year	0	0
Between 1 and 2 years	0	0
Between 2 and 3 years	0	0
More than 3 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

All Council deposits in money market accounts at 31st March 2014 were being held for a period of less than 3 months and therefore have been classified as cash and cash equivalents in line with the Code.

#### Refinancing and Maturity risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

## NOTES TO THE Core Financial Statements

### 41. Financial Instruments (continued)

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rate borrowings maturing in each period:

	Approved minimum limits	Approved maximum limits	Actual 31st March 2014 £'000	Actual 31st March 2013 £'000
Less than 1 year	0%	100%	0	0
Between 1 and 2 years	0%	100%	0	0
Between 2 and 5 years	0%	100%	0	0
Between 5 and 10 years	0%	100%	14,707	11,766
More than 10 years	0%	100%	56,245	59,186
<b>Total</b>	<b>0%</b>	<b>100%</b>	<b>70,952</b>	<b>70,952</b>

#### Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's Prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher or lower (with all other variables held constant) the financial effect would be nil as all the Council's borrowing and investments are fixed rate.

### **42. Contingent Liabilities**

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#### Land Charges

The Council is aware of litigation currently taking place regarding charges for personal local property searches. If the case goes against Local Authorities the Council will have to refund charges made for such searches. At the time the Statement of Accounts were being prepared the outcome of the case and resultant liability was not known, however, the value of applicable claims at present is £255,609.

#### Planning Appeals

As at 31<sup>st</sup> March 2014, two planning appeals resulting from Planning Committee decisions were awaiting judicial review/legal hearing. The potential award of costs for these cases, if upheld is estimated at £65,000.

#### Resident Complaint

The Council is currently considering a formal complaint from a resident relating to Environmental Health standards. At the time that the Statement of Accounts were being prepared, no decision had been reached on any financial compensation that will be made should the complaint be upheld.

#### Business Rates

It is likely that appeals will be lodged in 2014/2015 against valuations made in 2013/2014. It is not possible to quantify the potential liabilities arising from these cases.

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### **43. Revenues and Benefits Partnership**

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The Council has entered into a partnership with North West Leicestershire and Harborough District Councils to provide shared administration of revenues and benefits. The partners have an agreement in place for funding these services which runs for 5 years from 6 April 2011. The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by Hinckley and Bosworth Borough Council in 2013/14 was £1.420 million (2012/13 £1.346 million).

Each partner provides equipment and software for the operation of the Partnership. These remain the property of the partners. Those assets used by the Council for the Partnership are included in the Balance Sheet and treated in line with the relevant accounting policies.

# ADDITIONAL *financial* STATEMENTS

THE *Housing Revenue* Statement

THE *Collection Fund*

## ADDITIONAL *financial* STATEMENTS

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### Housing Revenue Account 2013/14

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The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing the landlord's housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the accounting cost and the funding cost is adjusted in the Movement on the Housing Revenue Account Statement.



ADDITIONAL *financial* STATEMENTS

Housing Revenue Statement 2013/14

2012/13 £'000	<b><u>HRA INCOME and EXPENDITURE STATEMENT</u></b>	Notes	2013/14 £'000
	<b>INCOME</b>		
(11,537)	Dwelling Rents	5	(12,182)
(75)	Non Dwelling Rents	5	(76)
(225)	Charges for Services and Facilities		(229)
(534)	Contributions towards Expenditure		(596)
<b>(12,371)</b>	<b>Total Income</b>		<b>(13,083)</b>
	<b>EXPENDITURE</b>		
2,250	Repairs and Maintenance		1,958
2,381	Supervision and Management		2,568
261	Rents, Rates, Taxes, Other Charges		250
6	Negative Housing Revenue Account Subsidy Payable	10	0
2,943	Depreciation and Impairment of Non-Current Assets	9	2,999
(888)	Gain on Revaluation		(3,170)
4	Debt Management Costs		4
53	Increase in Bad Debt Provision / Write Offs	6	63
<b>7,010</b>	<b>Total Expenditure</b>		<b>4,672</b>
<b>(5,361)</b>	<b>Net Cost/(Surplus) of HRA Services per Authority Income and Expenditure Statement</b>		<b>(8,411)</b>
2,066	Interest Payable		2,104
(11)	Interest and Investment Income		(17)
(247)	Surplus on disposal of Non Current Assets		(400)
<b>(3,553)</b>	<b>Deficit/(Surplus) for the Year on HRA Services</b>		<b>(6,724)</b>
	<b><u>Items included in HRA I&amp;E but excluded from Movement on the HRA Balance</u></b>		
(201)	Net charges made for retirement benefits in accordance with IAS 19	11	(251)
247	Surplus on Sale of fixed Assets		400
0	Revenue Expenditure Funded from Capital under Statute	8	(17)
	<b><u>Items not included in HRA I&amp;E but included from Movement on the HRA Balance</u></b>		
888	Gain on Revaluation		3,170
(826)	Transfer from Major Repairs Reserve	7	(873)
0	Depreciation of Non-Current Assets		(11)
(101)	Transfers to/(from) Housing Repairs Account	1	241
215	Employer's Contributions to the Leicestershire County Council pension scheme & retirement benefits	11	230
3,124	Contribution from Reserves		4,551
16	Contribution to Pensions Reserve - Capital Cost of Early Retirement		16
(1)	Movements regarding employee benefits accruals		3
<b>3,361</b>			<b>7,459</b>
<b>(192)</b>	<b>(Surplus)/Deficit for the Year</b>		<b>735</b>
<b>(1,699)</b>	<b>Balance Brought Forward 1st April</b>		<b>(1,891)</b>
<b>(1,891)</b>	<b>Balance Carried Forward 31st March</b>		<b>(1,156)</b>

## ADDITIONAL *financial* STATEMENTS

### Collection Fund 2013/14

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the billing Authority. The accounts of the fund have been prepared on an accruals basis.

2012/13 £'000		Notes	2013/14 £'000	2013/14 £'000
<b>INCOME</b>				
48,825	Income from Council Tax			50,515
	Transfer from General Fund			
5,745	Council Tax Benefits *			0
28,237	Income from Business Ratepayers			27,486
<b>82,807</b>	<b>Total Income</b>			<b>78,001</b>
<b>EXPENDITURE</b>				
54,335	Precepts and Demands from County, District, Fire and Police Authorities	15		49,770
	Business Rate			
27,736	Payment to National Pool		0	
0	Payments under Business Rates Retention		27,364	
123	Costs of Collection		123	27,487
27,859				77,257
	Bad and Doubtful debts/appeals			
448	– Write Offs		230	
94	Provisions		110	
542				340
	Contributions			
	Distribution of Previous Year's			
197	Estimated Balance			19
<b>82,933</b>	<b>Total Expenditure</b>			<b>77,616</b>
(126)	Movement on Fund Balance			386
60	Opening Fund Balance 1st April			(66)
<b>(66)</b>	<b>Closing Fund Balance 31st March</b>			<b>320</b>

\* In accordance with the associated regulations, Council Tax Benefits ceased in 2013/14 following the introduction of Local Council Tax Support.

## ADDITIONAL *financial* STATEMENTS

### Notes to the Additional Financial Statements

#### 1. Housing Repairs Account

2012/13 £'000		Note	2013/14 £'000	2013/14 £'000
	<b>INCOME</b>			
(2,400)	Contribution from HRA			(3,032)
3	Interest on cash balances			(2)
(2)	Miscellaneous Income			(3)
(2,399)	<b>Total Income</b>			(3,037)
	<b>EXPENDITURE</b>			
	<b>Administration</b>			
320	Employee costs		219	
7	Transport related costs		4	
151	Supplies and services costs		103	
267	Central support costs		248	
745				574
438	Programmed repairs			488
1,095	Responsive repairs			942
<b>2,278</b>	<b>Total Expenditure</b>			<b>2,004</b>
<b>(121)</b>	<b>Net Cost of Service</b>			<b>(1,033)</b>
2	IAS 19 Pension Adjustment			(3)
0	Accumulated Absences Adjustment			(1)
0	Contribution to reserves			246
220	Revenue Contributions to Capital	8		550
<b>101</b>	<b>Deficit/(Surplus) for the year</b>			<b>(241)</b>
130	Additional contribution to fund capital expenditure			0
<b>(473)</b>	<b>Balance brought forward 1st April</b>			<b>(242)</b>
<b>(242)</b>	<b>Balance carried forward 31st March</b>			<b>(483)</b>

#### 2. Movement in Dwelling Stock

The Council was responsible for managing a housing stock of 3,385 dwellings at 31st March 2014. During the year the following movement took place:

	2013/14 Number	2012/13 Number
Sales (Right to Buy)	(26)	(13)
Additions	0	0
<b>Total Movement</b>	<b>(26)</b>	<b>(13)</b>

## ADDITIONAL *financial* STATEMENTS

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### 3. Property Types in Dwelling Stock

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The types of properties owned by the Council at 31st March comprise the following:-

<b>TYPE</b>	<b>2014 Number</b>	<b>2013 Number</b>
1 bedroom bungalows	271	271
1 bedroom houses	2	2
1 bedroom flats	590	594
2 bedroom bungalows	420	421
2 bedroom houses	302	309
2 bedroom flats	423	423
3 bedroom bungalows	10	10
3 bedroom houses	1,320	1,334
3 bedroom flats	1	1
4 bedroom bungalows	1	1
4 bedroom houses	17	17
5 bedroom houses	3	3
<b>Total Dwellings</b>	<b>3,360</b>	<b>3,386</b>

The 1 bedroom flats total, shown above, includes 14 units that are the dwelling equivalent of the flexible hostel places.

### 4. Balance Sheet Value of Council's HRA Assets

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	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Dwellings	107,889	105,576
Other Land and Buildings	364	364
<b>Operational Assets</b>	<b>108,253</b>	<b>105,940</b>
Investment Land/Properties	328	467
<b>Total Assets</b>	<b>108,581</b>	<b>106,407</b>

The vacant possession value of dwellings within the Council's HRA as at 31st March 2014 was £293.033 million (£285.862million 31st March 2013). The vacant possession value and Balance Sheet value of dwellings within the HRA show the economic cost to Government of providing Council housing at less than open market rents.

### 5. Rent Income

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Rent Income can be analysed as follows: -

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Collectable from Tenants	(5,409)	(4,961)
Rent Rebates	(6,773)	(6,576)
Dwelling Rents	(12,182)	(11,537)
Non-dwelling Rents (Shops etc.)	(76)	(75)
<b>Total Rent</b>	<b>(12,258)</b>	<b>(11,612)</b>

## ADDITIONAL *financial* STATEMENTS

### 6. Rent Arrears

	2013/14 £'000	2012/13 £'000
Rent Arrears	350	309
Bad Debt Provision	201	173
Bad Debts Written Off	35	24

### 7. Major Repairs Reserve

	2013/14 £'000	2012/13 £'000
<b>Balance at 1st April</b>	<b>(46)</b>	<b>0</b>
Amounts transferred to Reserve during year	(2,989)	(2,879)
Amounts transferred from Reserve to HRA during year	873	762
Capital Expenditure	2,162	2,071
<b>Balance at 31st March</b>	<b>0</b>	<b>(46)</b>

The use of the Major Repairs Reserve to finance HRA capital expenditure relates entirely to enhancement of dwellings.

### 8. Capital Expenditure and Receipts

Total HRA capital expenditure of £3.150 million (£2.785 million 2012/13) was incurred. Expenditure on Dwellings was £3.033 million (£2.728 million in 2012/13), expenditure funded from capital under statute £0.017 million and expenditure on Vehicles Plant and Equipment was £0.100 million (£0.057 million in 2012/13). The sources of funding are shown below:

	2013/14 £'000	2012/13 £'000
Revenue Contributions to Capital	550	220
Other Contributions from Reserves	389	130
External Contributions	49	0
Borrowing	0	364
Major Repairs Reserve	2,162	2,071
<b>Total financing</b>	<b>3,150</b>	<b>2,785</b>

Total capital receipts from HRA disposals during the financial year are shown below:

	2013/14 £'000	2012/13 £'000
Right to Buy Dwellings	1,327	787
Council House Mortgage Repayments	2	2
Other Sales	0	0
<b>Total capital receipts</b>	<b>1,329</b>	<b>789</b>

## ADDITIONAL *financial* STATEMENTS

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### 9. Depreciation/ Impairment

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The total charge for depreciation and impairment for the land, houses and other property within the Council's HRA during the financial year is as follows:-

	2013/14 £'000	2012/13 £'000
<b>Depreciation</b>		
Dwellings	2,978	2,867
Other Land and Buildings	10	12
Vehicles, Plant & Equipment	11	0
<b>Total Depreciation – Operational</b>	<b>2,999</b>	<b>2,879</b>
Impairment of Non Current Assets	0	0
<b>Total Depreciation and Impairments</b>	<b>2,999</b>	<b>2,879</b>

### 10. HRA Subsidy

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A breakdown of the amount of HRA subsidy payable by the Council for the financial year is provided below.

	2013/14 £'000	2012/13 £'000
Management and maintenance	0	0
Major Repairs Allowance	0	0
Charges for capital	0	0
Guideline Rent Income	0	0
<b>HRA Subsidy payable for year</b>	<b>0</b>	<b>0</b>
Post audit subsidy adjustment relating to previous year	0	(6)
<b>Total</b>	<b>0</b>	<b>(6)</b>

### 11. HRA Share of Contribution to or From the Pension Reserve

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To comply with IAS 19, the current service costs for the HRA are calculated separately and incorporated into Supervision and Management and Repairs and Maintenance costs shown. In order that there is no net cost to the HRA, these entries are reversed by the net effect of the following items:

1. Net charges made for retirement benefits in accordance with IAS 19; This amounted to £251,000 in 2013/14 (£201,000 in 2012/13).
2. Employer's contributions to the Leicestershire County Council pension fund and retirement benefits payable direct to pensioners. This amounted to £230,000 in 2013/14 (£215,000 in 2012/13).

## ADDITIONAL *financial* STATEMENTS

### 12. Non-Domestic Rateable Value

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Value at 31st March	71,645	71,337

### 13. National Non-Domestic Rates Multiplier

	<b>2013/14</b>	<b>2012/13</b>
National Non-Domestic Rates multiplier	47.1p	45.8p
Small Business Multiplier	46.2p	45.0p

### 14. Council Tax Base

Number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

<b>Band</b>	<b>2013/14</b>	<b>2012/13</b>
A	3,481	4,496
B	8,591	10,013
C	7,827	8,381
D	6,026	6,217
E	4,245	4,342
F	2,605	2,619
G	1,476	1,499
H	101	104
<b>Council Tax Base</b>	<b>34,352</b>	<b>37,671</b>

### 15. Significant Precepting Authorities

	<b>2013/14</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>
Leicestershire County Council	36,515	40,044
Leicestershire Police Authority	5,973	6,550
Leicester, Leicestershire and Rutland Combined Fire Authority	2,005	2,011
Hinckley and Bosworth Borough Council	5,277	5,730
<b>Total</b>	<b>49,770</b>	<b>54,335</b>

### 16. Fund Balances

The balance on the Fund is comprised as follows:

	<b>31st March</b> <b>2014</b> <b>£'000</b>	<b>31st March</b> <b>2013</b> <b>£'000</b>
A Deficit/(surplus) on Council Tax/ NNDR Collection.	320	(66)
This will be distributed to the Borough Council, the County Council, the Fire and the Police Authorities in subsequent years in proportion to their demands and precepts on the Fund.		





## Glossary of Terms

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Term	Definition
<b>Accounting Policies</b>	Principles, bases, rules and practices applied in the preparation of the financial statements.
<b>Accruals</b>	The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.
<b>Actuarial Gains and Losses</b>	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because <ul style="list-style-type: none"> <li>a) events have not coincided with the actuarial assumptions made at the last valuation (experience gains or losses) or</li> <li>b) the actuarial assumptions have changed.</li> </ul>
<b>Capital Charge</b>	A charge to revenue accounts to reflect the cost of Non Current Assets used in the provision of services.
<b>Capital expenditure</b>	Expenditure on the acquisition of Non Current Assets or expenditure which adds to and not merely maintains the value of an existing asset.
<b>Capital Receipt</b>	Money the Council receives from the sales of assets (buildings, land etc).
<b>CCAB</b>	Consultative Committee for Accountancy Bodies.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy, the principal accountancy body dealing with local government finance.
<b>Community Assets</b>	Land held permanently for the benefit of Borough residents.
<b>Consistency</b>	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>Corporate and Democratic Core</b>	Activities of the Council due to being an elected, multi purpose body. The cost of these activities is over and above those that would be incurred by a series of independent, single purpose nominated bodies managing the same activities. There is no logical basis for apportioning these costs to services.
<b>Current Service Cost (Pensions)</b>	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

## Glossary of Terms

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<b>Defined Benefits Scheme</b>	A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).
<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful life of Property, Plant and Equipment assets whether arising from use, passage of time or obsolescence through technology or other changes.
<b>Discretionary Benefits</b>	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers such as the Local Government Discretionary Payments Regulations 2000.
<b>Expected Rate of Return on Pensions Assets</b>	For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
<b>Fair Value</b>	The fair value of an asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.
<b>Finance Lease</b>	A lease that substantially transfers all of the risks and rewards of ownership of an asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment amounts to substantially all of the fair value of the leased asset.
<b>Non Current Assets</b>	Property, plant and equipment assets that yield benefits to the local Authority and the services it provides for a period of more than one year.
<b>General Fund</b>	The Council's main revenue account covering the net cost of all services other than Council housing.
<b>Going Concern</b>	The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the Balance Sheet assume no intention to curtail significantly the scale of operations.
<b>IEG</b>	Implementation of electronic government.

<b>Impairment</b>	The reduction in the valuation of a Property, Plant and Equipment asset or goodwill below its Balance Sheet value and occurs when something adverse has happened to either the asset itself or to the economic environment in which the asset is operated.
<b>Infrastructure Assets</b>	Non Current Assets that are inalienable expenditure on which is recoverable only by continued use of assets created. Examples of infrastructure assets are Highways and Footpaths.
<b>Interest Cost (Pensions)</b>	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
<b>Inventories</b>	<p>Comprise the following categories:-</p> <ul style="list-style-type: none"> <li>i) goods or other assets purchased for resale;</li> <li>ii) consumable stores;</li> <li>iii) raw materials and components purchased for incorporation into products for sale;</li> <li>iv) products and services in intermediate stages of completion;</li> <li>v) contract balances;</li> <li>vi) finished goods.</li> </ul>
<b>Investments (Non Pensions Fund)</b>	<p>A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should only be classed as such where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those in relation to pension's funds, which do not meet the above criteria, are classified as current assets.</p>
<b>Investments (Pensions Fund)</b>	The investments of the Pensions Fund will be accounted for in the Statements of the administering Authority, which is Leicestershire County Council. District Councils are required to disclose as part of the requirements relating to retirement benefits the attributable share of Pensions Scheme assets associated with their underlying obligations.

## Glossary of Terms

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<b>Investment Properties</b>	Interest in land and/or buildings:-  a) in respect of which construction work and development has been completed; and  b) which is held for its investment potential, any rental income being negotiated at arm's length.
<b>Major Repairs Reserve</b>	A reserve created to deal with major repairs to HRA properties financed from the Major Repairs Allowance
<b>Minimum Revenue Provision (MRP)</b>	Minimum Revenue Provision is the minimum amount the Council is required to provide for the repayment of long-term debt used to finance the acquisition of Non Current Assets.
<b>National Non-Domestic Rates (NNDR)</b>	National Non-Domestic Rates (Business Rates) represents the rate of taxation on business properties. Central Government has the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax.
<b>Net Book Value</b>	The amount at which Non Current Assets are included in the Balance Sheet i.e. their historic cost or current value less the cumulative amounts provided for depreciation.
<b>Net Current Replacement Cost</b>	The cost of replacing or recreating the particular asset in its existing condition and existing use i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.
<b>Net Realisable value</b>	The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses incurred in realising the asset.
<b>Non-Distributed Costs</b>	These are overheads for which no user benefits and therefore should not be apportioned to services.
<b>Non-Operational Assets</b>	Non Current Assets that are held by a Local Authority but not directly occupied, used or consumed in the delivery of services. Examples would be investment properties and assets surplus to requirements, pending sale or redevelopment.
<b>Operating Leases</b>	A lease other than a finance lease.
<b>Operational Assets</b>	Non Current Assets that are held and occupied used or consumed by the Local Authority in the direct delivery of services for which it has a statutory or discretionary responsibility.

<b>Past Service Cost</b>	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.
<b>Post Balance Sheet Events</b>	Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
<b>Precept</b>	A demand by one public body to another public body to collect revenue from a Council Tax payer.
<b>Projected Unit Method</b>	<p>An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:-</p> <ul style="list-style-type: none"> <li>i) the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>ii) The accrued benefits for members in service on the valuation date. The accrued benefits are benefits up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note 27 issued by the Faculty and Institute of Actuaries.</li> </ul>
<b>Prudence</b>	The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.
<b>Reserve</b>	Monies set aside for a scheme or event that may happen.
<b>Retirement Benefits</b>	<p>All forms of consideration given by an employer in exchange for services rendered by an employee that are payable after the completion of employment. Retirement benefits do not include termination payments payable as a result of either;</p> <ul style="list-style-type: none"> <li>i) An employer's decision to terminate an employee's employment before normal retirement date</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.</li> </ul>

## Glossary of Terms

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<b>Revenue expenditure</b>	Any expenditure that is of a recurring nature and does not result in the creation of an asset that is of benefit to the organisation beyond the end of the current accounting period.
<b>Scheme Liabilities</b>	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.
<b>Settlement</b>	<p>An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include.</p> <ul style="list-style-type: none"> <li>i) a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;</li> <li>ii) the purchase of an irrevocable annuity contract sufficient to cover vested benefits;</li> <li>iii) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.</li> </ul>
<b>Total Cost</b>	The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.
<b>Ultra Vires</b>	An action that is outside the powers allowed to the body that wants to execute the action.
<b>Useful Life</b>	The period over which the Local Authority will derive benefits from the use of an asset.
<b>Vested rights</b>	<p>In relation to a defined benefits pension scheme, these are:-</p> <ul style="list-style-type: none"> <li>i) For active members, benefits to which they would be unconditionally entitled to on leaving the scheme;</li> <li>ii) For deferred pensioners, their preserved benefits;</li> <li>iii) For pensioners, pension to which they are entitled.</li> </ul> <p>Vested rights include where appropriate, the related benefits for spouses or other dependants.</p>

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## The Annual Governance Statement

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### **SCOPE OF RESPONSIBILITY**

Hinckley and Bosworth Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement and to ensure economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for ensuring that there is a sound system of corporate governance which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Hinckley and Bosworth Borough Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) /The Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government*. A copy of the Constitution can be found on the Council's website at *Services>Council & Democracy>Councillors, democracy and elections*. One of the objectives of the Constitution is to "enable the Council to review its governance arrangements as required". A full review of the Constitution (11<sup>th</sup> edition) took place in December 2013.

This Annual Governance Statement (the Statement) explains how the Council has complied with the Constitution and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2011. The Statement details the systems of corporate and operational governance as well as the procedures of internal control that are in place. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and external audit

### **OVERALL SUMMARY**

This is a positive Statement for the financial year 2013/2014. No significant control weaknesses have been identified in year and those issues identified in 2012/2013 have been fully addressed and rectified. The Council continues to operate a robust governance framework which is designed in a way to address risk and operates effectively.

The governance framework outlined in this Statement has been in place at the Council for the year ended 31 March 2014 and up to the date of the approval of the Statement of Accounts

### **THE PURPOSE OF THE SYSTEM OF CORPORATE GOVERNANCE**

Corporate governance refers to the system by which an organisation is directed and controlled. The governance structure specifies the distribution of rights and responsibilities among stakeholders and specifies the rules and procedures for making decisions. Governance provides the structure through which organisations

## Annual Governance Statement

set and pursue their objectives, and reflects the mechanism for monitoring actions, policies and decisions and delivering appropriate, cost-effective services.

The systems of corporate governance are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of corporate governance is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood and impact of these risks, and to manage them efficiently, effectively and economically.

### **THE PURPOSE OF THE INTERNAL CONTROL ENVIRONMENT**

Internal control is a process for assuring achievement of an organisation's objectives through identifying and controlling risk. The Committee of Sponsoring Organisations (COSO) defines the framework of internal control as comprising of six components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring<sup>1</sup>

### **CIPFA GUIDANCE ON GOOD GOVERNANCE**

CIPFA's "*Delivering Good Governance in Local Government: Guidance Note for English Authorities*" outlines the principles of good governance. The addendum to this paper published in December 2012<sup>2</sup> outlines these principles as:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the authority's vision and its implications for the authority's governance arrangements
- Translating the vision into objectives for the authority and its partnerships
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards of behaviours for members and staff
- Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- Ensuring effective management of change and transformation

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<sup>1</sup> Internal Control — Integrated Framework (1992) COSO

<sup>2</sup> Delivering Good Governance in Local Government: Framework – Addendum (2012) CIPFA



## Annual Governance Statement

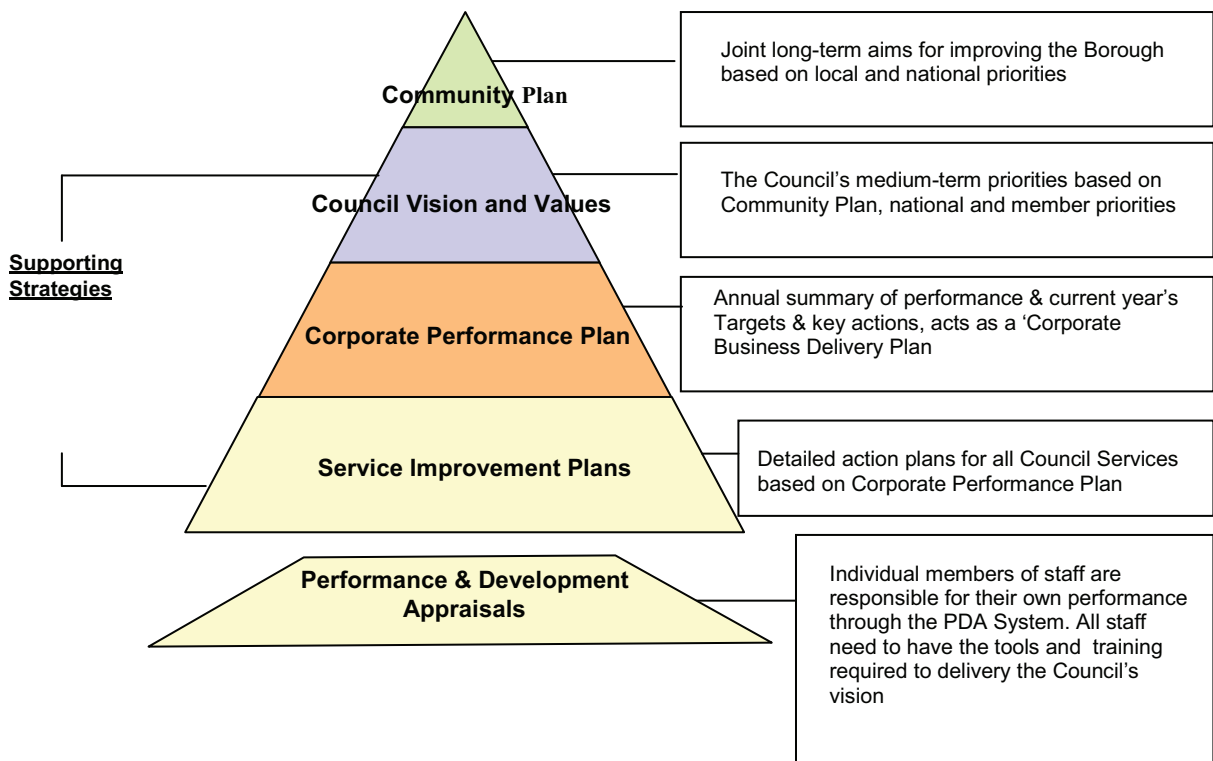
- Ensuring the authority's financial management arrangements confirm with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function
- Ensuring effective arrangements are in place for the discharge of the head of paid service function
- Undertaking the core functions of an audit committee as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- Whistleblowing and for receiving and investigating complaints from the public
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- Enhancing the accountability for service delivery and effectiveness of other public service providers
- Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

### **HINCKLEY AND BOSWORTH BOROUGH COUNCIL**

The key elements of the Council's internal control environment and governance framework are outlined below.

- The Council's Corporate Plan developed for the period 2013-2016 sets out the long-term aims of the Council and drives the corporate Performance Plan and Medium Term Financial Strategy. The Corporate Plan provides residents, members and staff with a clear vision to make Hinckley and Bosworth a 'Borough to be Proud Of'. The plan outlines four corporate aims and six corporate values which guide all decisions made by the Council and help to focus priorities.
- The Council uses plans and strategies at various levels to plan and monitor the achievement of its aims and objectives. This system is demonstrated by the Corporate Planning Framework which is represented by the diagram below. The objectives set out within the Corporate Plan are used to set targets for each department in their Service Improvement Plans (SIPs). Plans are refreshed annually and progress against targets is managed through the TEN performance management system on a monthly basis. Performance reports are produced quarterly and reported to the Joint Management Boards and Finance Audit and Performance Committee. All officers are required to reflect their departmental SIPs in individual personal development plans and are assessed against these annually.

**Hinckley & Bosworth Borough Council – Corporate Planning Framework**



- The Council's financial strategy, aims and objectives are outlined in the Medium Term Financial Strategy 2013/14-2016/17 which was approved by full Council in May 2014. The document outlines ten financial objectives which the Council looks to achieve whilst managing current financial risks. Alongside this, the Council has put in place a Housing Revenue Account (HRA) Business Plan which sets out how the organisation will finance and deliver affordable housing over the next thirty years. From a capital perspective, the Capital Programme and Asset Management Plan cover expenditure and financing plans for the Council over a period of three financial years. Finally a Treasury Management Strategy is approved annually by Council and details the organisations approach to borrowing and investing.
- The system of internal financial control reflects the budgetary control framework which is based on the following principals:
  - Preparation of comprehensive annual budgets, reserves review and a Medium Term Financial Strategy to examine the financial health of the Council
  - Robust financial regulations and authorisation limits to ensure accountable financial decisions
  - Allocation of financial resource to ensure that each budget holder meets with a dedicated accountant on a monthly basis
  - Production of monthly reporting packs which are discussed by Strategic Leadership Board and the Corporate Operations Board
  - Preparation of regular financial reports for member forums which indicate actual expenditure against forecast

## Annual Governance Statement

- Use of a comprehensive financial ledger and reporting tool which produces disaggregated financial reports at various levels (e.g. fund, cost centre, expenditure type) to ensure that stakeholders receive information to inform decisions
- Inclusion of financial implications in all committee reports.
- The Council's budgetary control system is reviewed each year by Internal Audit and in 2013/14 received a "full assurance" rating based on achievement of the following control objectives:
  - The Council prepares a Medium Term Financial Strategy (MTFS) which is designed to deliver strategic priorities and contains robust key assumptions.
  - Budgets are set in a structured, comprehensive and robust manner in accordance with the organisation's plans and objectives and the MTFS.
  - Any changes to the start point budget are appropriately authorised, recorded and reported (including virements)
  - Responsibility for controlling budgets is delegated to trained and clearly defined budget holders who receive appropriate support from the finance department.
  - Accurate and complete financial information is produced in a timely manner to budget holders and committees for inspection, analysis and control of budget performance.
  - Budget variations are analysed, investigated, explained and acted upon.
  - Regular and robust forecasts are undertaken to project outturn against budget.
  - Any savings plans established to ensure a balanced budget are robust, and are reported upon and monitored at relevant committee and council level
- As a key element of internal control, the Internal Audit function operates in accordance with the CIPFA *Code of Practice and Statement on the Role of the Head of Internal Audit*. Internal Audit reviews are performed as set out in the annual Audit Plan which reflects the Council's strategic risk register. Internal Audit review each scoped area against a set of system controls agreed with management at the start of the visit and within the overall framework of system control objectives. The findings of Internal Audit, and updates on recommendation implementation are reported to, and scrutinised by, the Finance, Audit and Performance Committee. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police 2013 Edition*. Dedicated training was provided to this Committee in May 2014 to outline the content of this guidance and to review the effectiveness of the Committee as "those charged with governance".
- The Corporate Planning Framework is underpinned by a number of strategies which outline how the support services of the Council will reinforce and sustain front line provision. These include:
  - Asset Management Strategy (including the acquisition and disposals strategies)
  - Budget Strategy
  - People Strategy
  - ICT Strategy and Web Strategy
  - Medium Term Financial Strategy
  - Health and Safety Policy
  - Risk Management Strategy

## Annual Governance Statement

- Procurement Strategy
  - Communication and Consultation Strategy
  - Data Quality Policy
  - Corporate Debt Recovery Strategy
- The Council’s strategic documents outline how specific services will be provided to the Borough in the medium to long term. These strategies include the Environmental Management Strategy, Anti Poverty Strategy, Cultural Strategy, Green Space Strategy, Hinckley Town Centre Master Plan, Local Development Framework, Children and Vulnerable Adults Safeguarding Policy, Housing Investment Strategy and Business Case and Strategy for Children and Young People.
  - Council policies are produced in accordance with the Constitution and are recommended for approval following review by senior management. Decision-making that falls within the policy and budgetary framework rests with the Council’s Executive, whilst those falling outside the framework are referred to full Council. The “call-in” procedure enables the Scrutiny Commission to review decisions made by Executive and Council (although the major focus of the overview and scrutiny function involvement is through policy development rather than policy review). Day to day decision-making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers and the Financial Procedure Rules. These arrangements all contribute to the economic, efficient and effective operation of the Council.
  - The standards of behaviour expected from members and officers are set out in member/officer codes of conduct. A register of members’ interests is maintained. All members and senior officers are required to complete ‘related party’ declarations at the end of the financial year in support of the statutory financial statements. Members’ allowances are published and reviewed annually by Council. The Ethical Governance and Personnel Committee monitors the performance of members, senior officers and the Council’s committees.
  - The Financial Procedure Rules, Whistleblowing Policy and Corporate Anti-Fraud Policy set the rules and standards within which Council business is conducted and provide the mechanisms for dealing with any potential fraud and corruption. The Corporate Anti-Fraud Policy was reviewed by the Council’s External Auditors (PricewaterhouseCoopersLLP) in 2013/2014 and has been updated to reflect the outcomes of an officer risk assessment and The Audit Commissions’ publication “Protecting the Public Purse” (2013)
  - The Constitution (Article 10) includes provisions for the governance of partnerships involving the Council. A separate constitution or terms of reference is in place for all partnerships which outlines their respective roles and responsibilities. Quarterly dashboards are produced to plot how partnerships are helping the Council achieve its strategic objectives. Significant partnerships that the Council is involved with are detailed below:

<b>Partnership</b>	<b>Purpose</b>	<b>Partners involved</b>
Think Family Partnership	<ul style="list-style-type: none"> <li>▪ Oversee delivery of Supporting Leicestershire Families (SLF) programme.</li> <li>▪ Improve outcomes for</li> </ul>	CYPS; Adult Services; Libraries; Youth Services; Police; Probation; Voluntary and Community Sector (VCS);

## Annual Governance Statement

<b>Partnership</b>	<b>Purpose</b>	<b>Partners involved</b>
	<p>Children and Young People.</p> <ul style="list-style-type: none"> <li>Oversee delivery of Sure Start programme.</li> </ul>	Parents/carers; Health Services; Education and Hinckley and Bosworth Borough Council (HBBC)
Health and Wellbeing Partnership	Deliver the Health and Wellbeing Strategy	Clinical Commission Groups (CCG's); GP's; VCS; Public Health; HBBC; Local Sport & Health Alliance.
Hinckley and Bosworth & Blaby Community Safety Partnership	To oversee and deliver the Community Safety Strategy.	Police; Probation; Leicestershire County Council (LCC); Blaby District Council; HBBC; Health; VCS; Fire.
Endeavour Tactical Group	To ensure emerging risk and threat is addressed in a timely manner. To co-ordinate campaigns and projects.	HBBC services, Police, Trading Standards, Fire Service, County Community Safety, Youth Service.
Housing Services Partnership	Developing integrated housing services.	Districts, Adult Services, Children's Services, Registered Provider's, County Community Safety, Citizen Advice Bureau (CAB)
Housing Offer for Health Project Board	To ensure development and delivery of Housing's offer for health.	District Councils, Adult Services, CCG's, First contact, Papworth Trust.
Cross Border Employment and Skills Partnership	To co-ordinate the delivery of cross border local economic and employment initiatives in accordance with LEP priorities.	HBBC; Nuneatonj and Bedworth Borough Council; North Warwickshire Borough Council; North Warwickshire and Hinckley College; Recruitment agencies;; key local employers.
Hinckley & Bosworth Voluntary and Community Sector (VCS) Forum and Commissioning Board	<ul style="list-style-type: none"> <li>To oversee and lead the establishment, development and sustainability of front line VCS service delivery organisations, and brokering of effective joint working between VCS and the public sector.</li> <li>To oversee and develop VCS commissioning, via VCS Commissioning Board.</li> </ul>	Lead Partners: HBBC; Next Generation and Community Action Hinckley & Bosworth; plus 30 key/leading VCS organisations within the locality.

## Annual Governance Statement

Partnership	Purpose	Partners involved
Hinckley Town Centre Partnership	To deliver the Hinckley Town Centre Business Improvement District (BID).	HBBC; LCC; Local retailers; Police.
Leicestershire Waste Partnership	<ul style="list-style-type: none"> <li>▪ To reduce CO2.</li> <li>▪ To reduce waste going to landfill by increasing recycling rates and residual weight reduction.</li> <li>▪ Keep neighbourhoods clean.</li> <li>▪ Co-ordinating waste and street cleaning services across county.</li> </ul>	All Districts, LCC
Hinckley & Bosworth Tourism Partnership	To deliver blueprint for action to promote visitor numbers and spend in the Borough.	HBBC; Leicestershire Promotions; LCC; Concordia Theatre; Hinckley Museum; Local accommodation providers; Twycross Zoo; Mallory Park.
LLRLRF	Emergency management.	All Cat 1 responders plus voluntary services e.g. Red Cross.

- The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (Section 151 Officer and the Monitoring Officer) and the Head of Paid Services have responsibility for ensuring that the Council does not act in an *ultra vires* manner. Management are supported by the internal audit service, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources (HR) function, through the use of workforce development reviews, assesses and provides a means of improving competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council. All officers are required to complete annual appraisals and a process of 360 degree feedback has been introduced to widen the feedback process. The Council's financial management arrangements conform with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*.
- The Communication and Consultation Strategy outlines how the Council will engage with local people and stakeholders through means such as the Citizens' Panel, Disabled Person's Forum, Parish Council Forum, Together for Tenants, Youth for You, Older Peoples Forum, Developer Forum and Registered Social Landlord Forum. A number of public consultations have taken place in 2013/2014 on pertinent issues including community safety, green spaces delivery, housing allocations and various conservation areas. The Council communicates to residents through the Borough Bulletin which is circulated to all residents each quarter. Regular staff communication is achieved through Chief Executives' briefing notes and staff feedback sessions.
- The Council's dedication to quality of service is embedded through relevant strategies and also in the Council's Customer Service Charter. The Council

## Annual Governance Statement

collates customer satisfaction results for face to face, telephone and website interaction. Targets were exceeded in 2013/2014.

- The Council regularly measures performance through a suite of performance indicators managed on the TEN Performance Management system. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans. Each month performance is entered by managers before the database is locked to maintain accuracy in reporting. Progress reports are presented to Strategic Leadership Board, Scrutiny Commission, Finance Audit and Performance Committee and the Executive. The reports provide the following information for each of these indicators:
  - Performance for current year
  - The target set for current year
  - Performance in the previous year
  - Targets for the next three years
  - An explanation of performance and the targets set
  - Data Quality Checks
- All information produced by the Council is subject to data quality procedures. The Council's Data Quality Policy outlines how standards of data quality are maintained by the Council and respective responsibilities. Through implementation of this Policy, the Council is compliant with all relevant legislation including the Data Protection Act and Freedom of Information.
- The Council is committed to continuous improvement. This was proved by the fact that in 2008/09 the Council sought a Comprehensive Performance Assessment (CPA) re-assessment and was re-categorised as an "excellent" Authority. This was a recognition of all the work that had been undertaken since 2004 to implement and embed the improvement actions identified in the 2004 inspection. The Council continues to win awards which evidence high performance. In 2013/2014 these included:
  - Highly Commended in Municipal Journal Awards "Innovation in Finance" Category
  - Four Star rating for "Better Connected". The Council's website has been named in one of the top 20 for local authorities in the county
  - Gold Footprint award for dog warden surveys
  - Green Flag Award for Green Spaces;
- The Council's performance management regime is supported by risk management processes. The Risk Management Strategy outlines how best practice risk management processes are embedded into the Council's operations. Operational risk registers are maintained on the TEN system and all managers are required to assess the impact and likelihood of risks as well as mitigating controls and action plans to reduce their severity. Quarterly reports on the risk position are taken to Finance, Audit and Performance Committee and Executive. Risk registers are also in place for significant projects, examples being the Leisure Centre and Crescent developments and the office relocation.

### **REVIEW OF EFFECTIVENESS 2013/2014**

The Council has responsibility for conducting a review of the effectiveness of the system of internal control annually. This review is reported by internal audit in their Annual Report, Chief Officers through their service assurance returns and also by

# Annual Governance Statement

comments made by the external auditors and other review agencies and inspectorates.

## Internal Audit

Internal audit is provided in accordance with the statutory responsibility under s151 of the Local Government Act 1972, the Accounts and Audit Regulations 2011 and to the professional standards of the CIPFA Code of Practice for Internal Audit in Local Government.

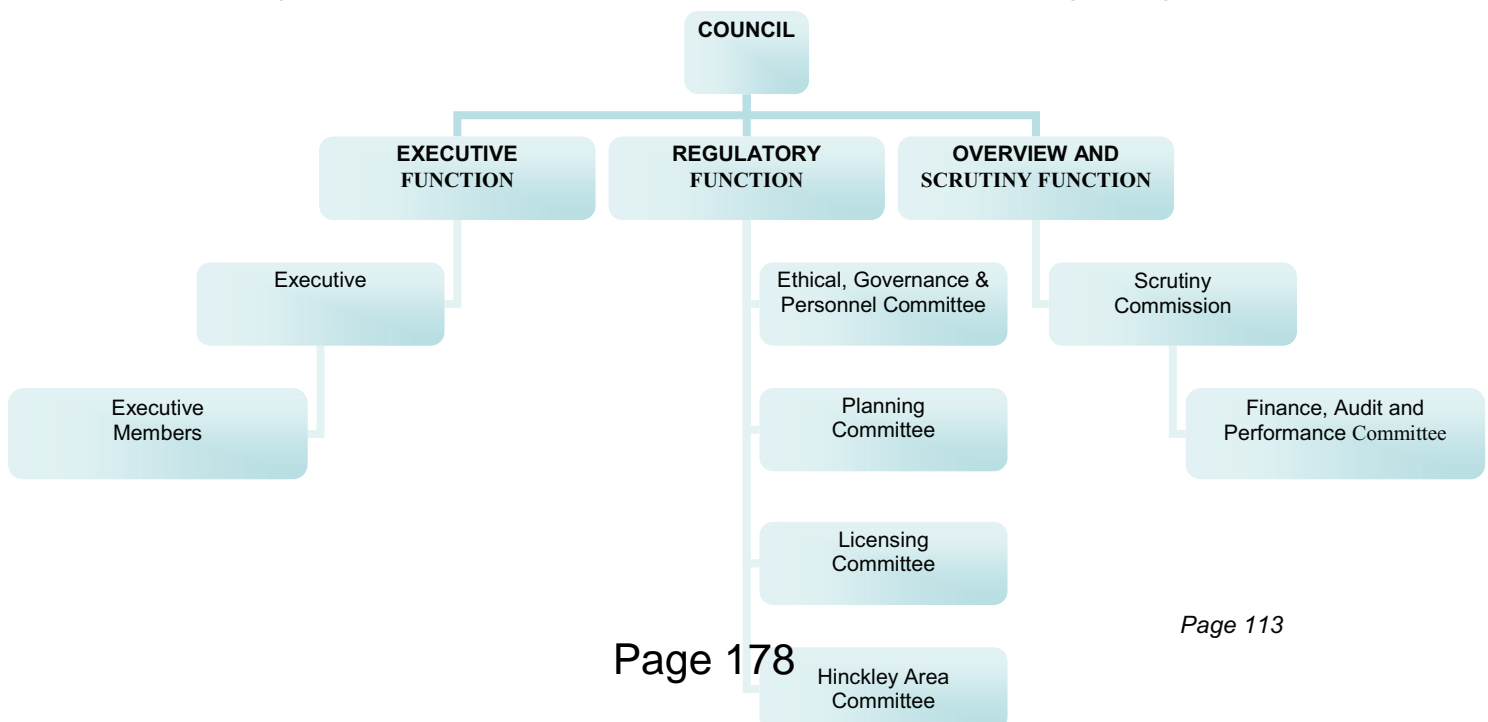
The Council's internal audit service has been outsourced to Coventry and Warwickshire Audit Services (CW Audit) for 2013/14. Internal audit delivers its work in accordance with best practice and complies with the requirements of the Government Internal Audit Standards, CIPFA Code and other relevant Consultative Committee of Accountancy Bodies (CCAB) standards. CW Audit report through the section 151 officer as the responsible financial officer for the Council. The section 151 officer then submits reports to the Finance, Audit and Performance Committee, which in turn derives its terms of reference from the Scrutiny Commission. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation through the use of the "TeamCentral" recommendation tracking software.

CW Audit acting as Chief Internal Auditor and in accordance with the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* provide an annual assurance opinion which comments on the adequacy and effectiveness of the system of internal control. In their 2013/14 Annual Audit Report presented to Finance Audit and Performance Committee on 12<sup>th</sup> May 2014, CW Audit issued a "significant assurance" rating for the Council's internal control and identified no significant control weaknesses.

The effectiveness of the internal financial controls are also reviewed annually by the external auditor whose Annual Audit Letter is considered formally by the Finance, Audit and Performance Committee.

## Council Structure

The diagram below sets out the Council's democratic decision making arrangements





## Annual Governance Statement

The Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Finance, Audit and Performance Committee. It describes the functions and membership of the Commission and Committee and Scrutiny Procedure Rules. Decisions of the Executive are subject to scrutiny by the Scrutiny Commission and the Finance, Audit and Performance Committee. The Scrutiny arm also has a role in policy development. In addition, task groups are established to oversee ad-hoc projects. Examples of areas reviewed by the Scrutiny Commission in year include:

- Welfare reform and the impact on residents
- Green Space Delivery Plan
- Planning and enforcement decisions
- Leisure centre procurement
- Annual Budget
- Anti – Poverty Strategy
- Gypsy and traveller accommodation
- Medium Term Financial Strategy

The Scrutiny Commission publishes an Annual Report and a work programme. In accordance with Executive arrangements regulations (meetings and access to information) the council publishes on its website key and private decisions which are due to be taken by the Executive with a 28 day notice period where possible.

Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Councils has to put in place arrangements dealing with complaints and standards issues. The Council adopted an individual Code of Conduct in 2012/13 and formed an Ethical Governance and Personnel Committee which merged the remits of the previous Standards & Personnel Committees and covers conduct and complaints.

### Officers

Each year all service areas are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks. This statement evaluates the effectiveness of procedures, systems and controls, highlights areas for improvement and actions intended to address these. Action plans are incorporated in the service planning process.

### **SIGNIFICANT INTERNAL CONTROL ISSUES**

The review of effectiveness has been considered in order to identify any significant control weaknesses that should be addressed by the Council. In addition an update should be provided on any issues identified in the previous Statement.

#### 2013/2014 Significant Control Weaknesses

No significant control weaknesses have been identified for reporting in 2013/2014. This has been confirmed by the Council's Internal Auditors in their year end opinion.

# Annual Governance Statement

## 2012/2013 Significant Control Weaknesses

During 2012/13, it was noted by the finance team that the budgets for both programmed and responsive repairs were considerably under-spent. Following preliminary investigation, it was established that the main reason for this under-spend was due to a backlog of "work in progress" held within Orchard (housing repairs system). This related to jobs that are in the various stages of completion but were yet to be closed off for payment on Civica (financial management system). To understand the reasons for the backlog, Internal Audit were asked to complete a specific review based on sample testing of the backlog, plus a sample of paid contractor invoices. A number of control weaknesses were identified through this work which have been raised in Internal Audit's Annual Audit Report for 2012/2013. The impact of the backlog meant that a large cost relating to previous years work was transferred in 2013/2014, creating a gross overspend on housing repairs (capital) of £290,102.

In response to this issue, a dedicated internal review of housing repairs controls and processes was conducted, lead by the Chief Officer for Finance, ICT, Asset Management, Audit and Procurement. A comprehensive action plan was developed which outlined improvements that were made to both operational and financial processes. In addition, a neighbouring Authority was commissioned to complete a high level peer assessment of the service to inform the action plan. Regular reports have been provided to the Finance, Audit and Performance Committee to provide assurance that actions have been put in place in line with timescales set. The value of the back log was transferred in full into the Civica system and accounted for within the 2012/2013 Statement of Accounts. In order to address any value for money issues associated with housing repairs operations, an independent benchmarking exercise was performed on the internal "schedule of rates" and an "uplift" will be applied to rates from 2014/2015 as approved by the Finance, Audit and Performance Committee.

.....  
Steve Atkinson MA(Oxon) MBA FioD FRSA  
Chief Executive

Date.....

.....  
Stuart Bray  
Leader of the Council

Date .....

**COUNCIL – 23<sup>RD</sup> SEPTEMBER 2014**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**RE: BUDGET STRATEGY 2015/2016**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

1. **PURPOSE OF REPORT**

- 1.1 To approve the proposed Budget Strategy for 2015/2016. Council should review this Strategy alongside the report contained on this agenda regarding New Homes Bonus to ensure that the wider financial position of the Council at the time of this meeting is fully understood.

2. **RECOMMENDATION**

- 2.1 That Council approve the Budget Strategy 2015/2016.

3. **BACKGROUND TO THE REPORT**

**Financial Outlook and the Medium Term Financial Strategy**

- 3.1 This Budget Strategy is presented within an overall national scene of reduced central government funding and the drive towards greater financial localism. The ongoing impact of austerity measures enacted by Government means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to business rates retention (BRR), localisation of council tax support (LCTS) and New Homes Bonus. That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.
- 3.2 When members set the council tax for 2015/2016, the Deputy Chief Executive (Corporate Direction) as the Council's section 151 officer will have a duty under Part II of the Local Government Act to report on the robustness of the budget and the adequacy of reserves in providing quality services. This Strategy aims to provide a framework that will provide for this robustness but at the same time allows the flexibility to react to changes and opportunities should they arise.
- 3.3 The 2015/2016 draft settlement indicates that "core" settlement funding for this Council will reduce in the forthcoming year by almost 16%. Whilst the majority of this reduction **should** be recouped by increases in New Homes Bonus and Business Rates growth, these amounts are not guaranteed and are impacted by fluctuations in the local housing and commercial market.

	<b>2014/15 Final Settlement</b>	<b>2015/16 Draft Settlement</b>	<b>Mvt</b>	<b>Mvt</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Revenue Support Grant	1,949,297	1,107,335	-841,962	-43.19%
Council Tax Support Grant <sup>1</sup>	544,764	544,764	0	0.00%
NNDR	2,251,383	2,313,524	62,141	2.76%
Council Tax Freeze Grants <sup>2</sup>	146,726	146,691	-35	-0.02%
<b>Total core financing</b>	<b>4,892,170</b>	<b>4,112,314</b>	<b>-779,856</b>	<b>-15.94%</b>

- 3.4 Based on this allocation, the funding of this Council is expected to decrease above average for 2015/2016 which in turn impacts the “spending power” per dwelling for citizens of the Borough as detailed below:

	<b>Spending power per dwelling</b>		
	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016 Indicative</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Average - Shire Districts	296.22	288.82	268.3
Hinckley and Bosworth Borough Council	234.06	226.14	207.8
Difference £	-62.16	-62.68	-60.5
Difference %	20.98%	21.70%	22.55%

- 3.5 In order to address this reduction, the Medium Term Financial Strategy approved by Council in May 2014, identified a number of “targets” which would move the Council from a “forecast” to a more sustainable “best case” financial position in 2015/2016. These amounts, together with more recent adjustments, are summarised below and will be set as targets to officers as part of the 2015/2016 budget build:

	<b>MTFS</b>
	<b>£</b>
Requirement (Difference in forecast and best case)	1,370,900
Of which:	
Additional legal fees	50,000
Additional planning and building control income	135,000
Additional recycling income	14,000
Printing and postage savings	10,000
Reduced impact on car parking income	19,000
Additional ICT shared service income	20,000
Contribution from external bodies for planning documents	100,000
New Homes Bonus no longer provided to parishes	478,000
BID contribution to car parking	25,000

<sup>1</sup> Whilst this grant is not specifically awarded from 2014/2015 onwards, DCLG stated that the allocation has been assumed as frozen and therefore this has been assumed in the presentation of funding for 2014/15 and 2015/16

<sup>2</sup> Grants for 2011/12 and 2013/14. It is expected that the grant announced for 2014/15 will be “rolled into” the core settlement from 2014/15 onwards

No additional appeals costs	100,000
Council Tax Support grant no longer provided to parishes	143,000
Reduction in hardware support	35,000
Business Rates Growth	115,000
NNDR and electricity savings (Hub)	50,000
<b>Additional savings target</b>	<b>76,900</b>

### **Income Generation/Fees and Charges**

- 3.6 All fees and charges are reviewed on an annual basis and are published separately in the Council's Fees and Charges book, as approved by the Executive. Whilst a dedicated charging strategy is not in place, a number of principals are followed when considering fees and charges.
- 3.7 In general terms, all applicable services should be charged for unless there is a valid reason for an exception to be made. These exemptions include, but are not limited to:
- Instances where the administrative cost of levying and recovering the charge would outweigh any potential income
  - Where policy has been passed to fund the service from Council Tax or other dedicated funding streams (e.g. grants)
  - Circumstances where charging would significant deter demand
  - Where statute dictates that charges cannot be made
- 3.8 When setting scales of charges, the following factors are taken into consideration:
- Statutory obligations
  - Policy decisions
  - Inflation and relevant indices
  - Local market research and competition, including consideration of market distortion (where relevant)
  - The impact of price changes on activity level or demand
  - Levels of subsidy (where appropriate)
  - The need to avoid any exploitation of customers who have no option but to use the Council's services
  - Cost recovery. This should be considered with recognition that, taking one year with another, the income from charges should not exceed the cost of provision
  - The financial position of the Council and the need to generate income to remain solvent

### **2015/2016 Budget Assumptions**

- 3.9 The 2015/2016 base budget is to be based on the 2014/2015 original budget.
- 3.10 All one-off items in the 2014/2015 original budget will be removed and full year effects of part year reductions in 2014/2015 implemented. Any savings or additional income identified as part of the last budget round but not being implemented until 2015/2016 must be adjusted for in the budget. It is highly unlikely that any additional money will be available for growth in 2015/2016. Consideration will be given to requests where additional resources are required to cover additional expenditure arising from additional statutory requirements or corporate priorities. Requests will need to be supported by

both the relevant SLB and COB members and must be accompanied by an explanation as to why the costs cannot be met from existing resources.

3.11 The following inflation assumptions will be used in the budget process:

3.11.1 *Employees*

- Pay increase –1%
- National Insurance – HMRC rate (not yet confirmed)
- Employers Pension Contributions – An Employers Contribution rate of 16.4% will be used with an additional 0.9% being included for Ill Health retirement insurance. In addition a lump sum value of £371,000 is payable to the Local Government Pension Scheme which will be contained in a corporate budget. These rates were based on estimates made at the last valuation of the fund and will be confirmed by the pension provider in November 2014.
- A net salary/vacancy saving of 5% will be applied (5% in previous years). This will be across all service areas with the exception of senior management posts.

3.11.2 *Supplies and Services*

- Non contract – no increase
- For contracts it is anticipated that the average rate of RPI will be added to the Council's payments. As such a rate of 3% will be applied to 2014/2015 contractual costs which is in line with the MTFs but slightly higher than the most recent release (2.6% June 2014). Where budget holders have knowledge of price rises that differ, adjustments can be made to these budgets to reflect actual price changes.

3.11.3 *Fees and Charges*

Where an inflationary increase is called for, the contract rate of 3% will be used.

3.11.4 *Investment Income*

The Bank of England base rate is currently 0.5%. There is currently little prospect for an upward movement, with forecasts assuming this level will be frozen to manage quantitative easing. On this basis, an investment rate of 0.5% will be assumed for 2015/2016.

**4. FINANCIAL IMPLICATIONS (KP)**

Contained within the body of the report.

**5. LEGAL IMPLICATIONS (EH)**

These are contained in the report and any specific legal implications resulting from recommendations and actions outlined will be identified as they are implemented.

**6. CORPORATE PLAN IMPLICATIONS**

This Budget supports all aims of the Corporate Plan

**7. CONSULTATION**

All budget holders will be consulted in 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:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	<p>The Ground Condition survey at Argents Mead which means that the cost of construction (and therefore cost to the Council) will increase by between £750,000 and £1m. Although provision was made of just over £500k from the 2013/14 under spend, the balance will need to be funded by temporarily borrowing internally from the Hub Rental reserve with a view to replenishing this reserve from in year savings in 2014/15 and from (if required) budgeted savings in 2015/16. This position was not reflected in the Council's MTFS which was approved by full Council in April/May 2014.</p> <p>A positive risk- negotiations on retention of business rates up lift from the MIRA EZ will probably mean that the Council retains at least 20% of up lift plus costs. This will be a positive movement in funding not included in the financial projections under pinning the MTFS</p>	Sanjiv Kohli

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

The budget process will impact on all areas of the Borough and all groups within the population

**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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Background papers: Medium Term Financial Strategy

Contact Officer: Katherine Plummer, Head of Finance ext 5609

Executive Member: Cllr K Lynch





## COUNCIL – 23 SEPTEMBER 2014

### NEW HOMES BONUS – PARISH ALLOCATION

#### REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

#### WARDS AFFECTED: ALL

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#### 1. PURPOSE OF REPORT

- 1.1 To provide Council with details of the levels of funding provided to parish councils (and the Special Expense Area) by Hinckley and Bosworth Borough Council and to seek approval of the removal of New Homes Bonus allocation to these organisations with effect from 2015/16.

#### 2. RECOMMENDATION

2.1 That Council:

- note the significant level of discretionary support provided to parish councils and the Special Expense Area to date.
- recall the requirement contained in the Medium Term Financial Strategy to consider removal of the New Homes Bonus in order to ensure minimum general fund balance levels from 2015/2016 onwards.
- approve ending of all payments of New Homes Bonus to parish Councils and the Special Expense Area from 2015/2016.
- In order to manage the financial impact on parishes, approve the ongoing provision of Council Tax Support Funding to parish councils.

#### 3. BACKGROUND TO THE REPORT

##### Context

- 3.1 As outlined in the Medium Term Financial Strategy (MTFS) 2013/2014 – 2016/2017 this Council, will face increased financial pressures from 2015/2016 onwards. The provisional Local Government Finance Settlement for 2015/2016 indicates that this Council will face a further 15.94% drop in core funding, bringing the total reduction since CSR10 to over 30%.
- 3.2 In order to address this position, the MTFS details three scenarios; “best”, “worst” and “forecast”. In the past the Council has strived to, and has been successful in, delivering to the “forecast” position. However the deficit position created by this scenario in this Strategy creates a General Fund deficit and is therefore not sustainable. That said “best case” scenario is achievable through commitment to a number of targets and decisions, including consideration of the future allocation of New Homes Bonus.
- 3.3 Following approval of the MTFS, a number of financial decisions have been made both internally and externally which will impact the achievement of the “best case” scenario. These include:
- An indication from Executive that removal of New Homes Bonus should be phased over two years and that the Parish and Community

Initiative Fund balance should be increased to compensate for an element of this. Executive have also indicated that they do not want to remove provision of the Local Council Tax Support grant to parish councils

- Approval of a moveable floor in the new Leisure Centre. Whilst this is a capital scheme, this decision is forecast to “cost” the General Fund £132,095 in 2015/2016
- In addition, there are strong indications that there will be budget decisions by Leicestershire County Council which will have further significant impacts on District Councils. For this Council the impact is estimated at £320,000 for 2015/16 and a further £500,000 in 2016/17. This will reduce still further our ability to provide funding for ongoing core activities and require changes to the MTFS forecasts.

3.4 The impact of these changes on the Medium Term Financial Strategy is detailed below. In essence, if Council do not approve the recommendation to remove funding altogether to parishes in 2015/2016, the savings target for 2015/2016 will increase to £463,862. This is deemed to be unmanageable without a combination of introducing further charges for services, cuts in service provision, redundancies (as a longer term solution) and/or an increase in council tax.

	<b>2015/2016</b>
	<b>£</b>
<b><i>Current MTFS</i></b>	
Savings target included in MTFS	200,000
Additional savings target to move to best case	76,900
<b><i>Revisions to MTFS</i></b>	
Additional income now forecast (planning and Business Rates)	-150,000
Reduction in New Homes Bonus to Parishes	300,000
Increase in PCIF	50,000
Retention of LCTS grant to Parishes	143,000
Assumed reduction in LCC cuts	-154,000
Reductions in restructure costs	-134,133
<b><i>Implications of changes to Leisure Contract</i></b>	
Movement in gross Management Fee	51,375
Maintenance charge	25,000
Cost of borrowing	55,720
<b><i>Revised savings target</i></b>	<b>463,862</b>

#### New Homes Bonus Allocation

3.5 New Homes Bonus (NHB) was introduced in February 2011 and is designed to encourage housing growth by providing a financial incentive for Councils and local people to accept new housing. For each additional new home built local authorities receive six years of grant based on the council tax for that property. 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. In addition a £350 payment is granted per year (based on

October figures) for each affordable home, as well as traveller sites in public ownership. The grant is made to local authorities on a non-ring fenced basis with 80% to a district authority and 20% to a county council in two-tier areas.

3.6 In addition, this Council has determined a voluntary contribution to parish councils and the Hinckley Special Expense Area where the development takes place, of 25% from its 80% allocation on the following basis:

- Only those parishes where new homes development take place receive NHB
- The mechanism for calculating NHB is the movement in council tax base initiated in the previous 12 months as indicated by a report (CTB) run in October each year
- Funds are allocated to the relevant parish council/Special Expense Area and paid in six monthly instalments (at the same time as precepts)
- Funds are not ring fenced and can be used to fund capital or revenue requirements
- Funds can be rolled over year on year, though an annual return should be completed each year to indicate to the Borough Council how the funds have been spend/earmarked

3.7 **It should be noted that this approach is unique in Leicestershire, Hinckley & Bosworth Borough Council continue to be the only district in Leicestershire which passports New Homes Bonus to Parishes in this way.**

3.8 To date this Council has been awarded over £3.5million of funding through New Homes Bonus of which 25% (approximately £865,000) has been passported to parish councils – including the Special Expenses Area of Hinckley. The total allocation by organisation is detailed in Appendix 1

<b>Financial Year</b>	<b>Transfer to Parish Councils/SEA £</b>
2011/12	87,440
2012/13	177,823
2013/14	255,815
2014/15	343,716
<b>Total</b>	<b>864,794</b>

3.9 The award of New Homes Bonus is driven by the housing market and is therefore difficult to predict with any significant degree of accuracy. As outlined in the MTFs therefore, three scenarios have been forecast based on the current planned housing trajectory for the remaining years of the MTFs. These contain the income streams that may be received as a result of the Sustainable Urban Extensions (SUE) at Barwell and Earl Shilton. The second table shows what the allocation to parishes/SEA would be in these cases:

<b>Total (80%) NHB - Before Parish Allocation</b>			
	<b>Worst Case £</b>	<b>Forecast £</b>	<b>Best Case £</b>
2014/15	-	1,401,891	-
2015/16	1,656,945	1,784,472	1,911,999
2016/17	2,054,795	2,381,248	2,707,700

<b>Parish and Special Expenses Allocations</b>			
	<b>Worst Case £</b>	<b>Forecast £</b>	<b>Best Case £</b>
2015/16	414,236	446,118	478,000
2016/17	513,699	595,312	676,925

- 3.10 Appendix 3 provides a summary of NHB spend by parish/SEA for the period 2011/12 – 2013/14 (please note this does not include allocated funds for 2014/15). Whilst a majority of parishes have spent these funds, albeit on small remedial projects i.e. replacement/repairs to equipment and grounds maintenance/improvements, a number are currently carrying forward substantial amounts of funds. What is clear from Appendix 3 is that if the practice to allocate 25% of the Council's share of NHB to Parishes continues without any correction then some of the larger Parishes will become richer and have disproportionately more funds than the smaller Parishes who do not have availability of land to develop.

#### Other Parish Funding

- 3.11 In addition to New Homes Bonus, a number of other streams of funding are available to parish councils. These are outlined below.
- 3.12 **Parish and Community Initiative Fund** :- £100,000 additional funding is provided to the parishes each year through the Parish and Community initiative fund (PCIF). In the 10 years this fund has been running 209 grants have been offered totalling £843,998. The total value of projects funded is £5,814,287. The return on investment for this funding stream is 1:7 and therefore very good value for money for the residents of the Borough. Schemes within Hinckley are not eligible to apply to this scheme, though the Special Expense Area has approved the set up of a similar fund from 2014/2015 to the value of £20,000 per annum. **The allocation of this funding from the Council's budget is discretionary.** Details of this allocation are included in Appendix 2.
- 3.13 **Local Council Tax Support**:- In order to compensate for the loss of income created by the government's introduction of a Local Council Tax Support Scheme in 2014/2014, The 2013/2014 Finance Settlement included £544,764 of Council Tax Support Grant for this Council. £143,000 of this amount was passed to parish councils to reduce the impact on their council tax bases. The Settlement for 2014/2015 did not separately identify any Council Tax Support Grant. However, the consultation on the document advised Authorities to assume that a similar level had been included for this purpose and therefore the same amount was passed down. **This is not a mandatory requirement and many Councils have not granted any element of the grant in either years.** Details of this allocation are included in Appendix 1

- 3.14 **Council Tax:-** In contrast to all district, county and unitary councils, there is currently no cap or referendum limit for parish councils. As a consequence, parish councils are able to increase their council tax as required to balance their precept and budget requirements. As a consequence, council tax levels for parishes in this Borough increased to a maximum of 88.75% in 2013/2014 and 9.64% in 2014/2015. Members should note that given the size of parish precepts, this increase may only equate to trifling pennies in some smaller parish areas. Details of council tax increases for both years are provided in Appendix 1. **It should be noted that decisions on Council Tax for the Special Expense Area impact the eligibility of Hinckley and Bosworth Borough Council for Council Tax Freeze Grant. Hinckley therefore is required to implement a 0% council tax increase and has not been awarded any Local Council Tax Support Grant.**
- 3.15 **Section 106 contributions:-** In many cases, parish councils/SEA are entitled to receive developer contributions arising from development for appropriate local community infrastructure schemes within parish boundaries. These amounts are billed by the Borough Council when trigger points have been met and transferred to parish councils to fund eligible schemes. Since the introduction of New Homes Bonus, parish councils/SEA have received £1,841,702 of section 106 contributions, details of which are provided in Appendix 1.

#### Recommendations for future funding

- 3.16 When NHB was introduced, it was agreed that the method of allocation to parish councils/SEA would be reviewed in 2015/2016 and would be dependent on the financial position of the Borough Council. As is evidenced in 3.4 it is clear that **this Council cannot viably sustain ongoing transfer of this money.** The savings resulting from removal of this support in full for each MTFS scenario are detailed below. Members should be reminded that these numbers are based on forecasts and the actual allocation for 2015/2016 will be announced by the Government in November/December 2014:

	<b>Worst Case</b>	<b>Forecast</b>	<b>Best Case</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Forecast allocation (2015/2016)	1,656,945	1,784,472	1,911,999
Base budget saving	414,236	446,118	477,999

- 3.17 It is evident from the detail provided in this report, that whilst removal of this funding would require the need for financial prudence going forward, the previous allocation of discretionary funds has allowed parish councils to be in a highly stable financial position and one that will continue to be maintained.
- 3.18 On the basis of all of the above, it is proposed that the allocation of New Homes Bonus to parish councils and the Special Expense Area will be removed in full in 2015/2016. The Parish and Community Initiative Fund will still be made available and the same level as in previous years.

3.19 In order to ensure that parish councils remain financially solvent however, it is proposed that the Council continues to pass down the total allocation of Local Council Tax Support Grant for the foreseeable future.

3.20 The above proposed changes will assist this Council in managing its funding pressures and ensure a fairer allocation of funding across all Parishes.

#### 4. FINANCIAL IMPLICATIONS [KP]

4.1 Contained within the body of the report

#### 5. LEGAL IMPLICATIONS [EH]

5.1 The New Homes Bonus was introduced in 2011 as an incentive and reward for local authorities and communities to accept new houses in their area. The bonus is equal to the national average for the council tax band on each additional property built or brought back into use and is due on the property being occupied and billed for Council Tax.

5.2 The Grant is un-ringfenced grant; therefore funds can be spent on either revenue or capital, strategic projects, or placed in a local authority's reserves. There is no time limit on when the funds can be spent.

5.3 There is no duty or requirement to consult in relation to how the monies are spent however guidance shows and expectation on Council's to consult communities about how we will spend the money, especially communities where housing stock has increased

#### 6. CORPORATE PLAN IMPLICATIONS

6.1 The current PCIF is aligned to delivering the corporate plan aims of creating a vibrant place to work and live and empowering communities. Applications to any new form of the fund would need to be evaluated to ensure funds were still being targeted to corporate plan priorities. The majority of the fund is currently allocated to community buildings and green space projects which meet the corporate plan aims.

6.2 Conversely HBBC does not have any control over how parish councils utilise their NHB receipts, and therefore these payments may not meet the Councils strategic aims.

#### 7. CONSULTATION

7.1 Consultation on the introduction of the New Homes Bonus was undertaken during June – September 2011, as part of a review of the Parish and Community Initiative Fund. Responses relating to the NHB were as follows:

- 60% specified that the NHB should NOT be combined with the Parish and Community Initiative Fund
- 75% said that the NHB should not be limited to delivering large scale strategic projects
- 60% said the NHB should be limited to those settlements where new housing is being developed with this statement

## 8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Failure to successfully deliver the Medium Term Financial Strategy	Ongoing review of budget implications and accurate forecasting.	S Kohli

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

- 9.1 The impact on Parish Councils are detailed in the Appendices to this report
- 9.2 Changing funding as detailed in this report gives greater funding opportunities to rural areas

## 10. CORPORATE IMPLICATIONS

- 10.1 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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Background papers: Medium Term Financial Strategy

Contact Officer: Katherine Plummer, Head of Finance x5609

Executive Member: Cllr K Lynch

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## APPENDIX 1

## PARISH FUNDING

Parish	Total NHB allocation (£)	Total LCTS allocation (£)	Council Tax increase/decrease 2013/2014 (%)	Council Tax increase/decrease 2014/2015	s106 Contributions (2011/2012 - 2013/2014) £
HINCKEY (SEA)	290,739	0	0	0	747,931
BAGWORTH	9,170	10,582	9.92	-5.26	72,057
BARLESTONE	7,212	9,152	1.99	-3.6	0
BARWELL	62,152	46,332	2.49	2.8	26,267
BURBAGE	66,871	57,772	0	0	400,972
CADEBY	534	572	3.85	-4.34	0
CARLTON	9,467	572	-4.89	-3.82	3,752
DESFORD	20,526	10,868	6.24	0.9	123,200
EARL SHILTON	263,250	52,624	-0.02	9.64	151,869
GROBY	8,990	19,448	-4.6	-0.51	139
HIGHAM	5,139	3,146	0	0	3,752
MARKET BOSWORTH	7,007	6,006	0	0	167,191
MARKFIELD	4,110	18,304	21.13	-0.46	10,632
NAILSTONE	3,494	1,716	12.11	-0.38	0
NEWBOLD VERDON	16,169	13,728	38.41	2.88	30,204
OSBASTON	3,509	1,430	13.15	-0.54	0
PECKLETON	13,954	1,716	0	4.58	0
RATBY	39,038	13,442	0.21	0	6,254
SHACKERSTONE	13,720	1,716	0	0	6,254
SHEEPY	5,961	3,718	-1.49	-1.14	2,502
STANTON UNDER BARDON	1,449	1,430	20.4	-0.24	79,701
STOKE GOLDING	5,607	5,434	0.12	0	6,082

SUTTON CHENEY	2,185	1,430	-1.44	0	344
TWYCROSS	3,531	2,002	0	0	1,251
WITHERLEY	1,010	2,860	88.75	2.38	1,348
<b>TOTAL</b>	<b>864,793</b>	<b>286,000</b>			<b>1,841,702</b>

## APPENDIX 2

## PCIF FUNDING

PCIF Total Grants awarded to date:

PARISH	TOTAL AWARDED	Total project costs	POPULATION	GRANT PER PERSON	Total costs of projects enabled per person
Bagworth & Thornton	£60,636.00	£321,889.37	2605	£23.28	£123.57
Barlestone	£64,462.00	£262,254.84	2481	£25.98	£105.71
Barwell	£51,662.00	£555,569.17	9022	£5.73	£61.58
Burbage	£81,636.00	£1,005,550.72	14568	£5.60	£69.02
Cadeby	£17,791.00	£155,475.00	169	£105.27	£919.97
Carlton	£1,404.00	£2,808.00	305	£4.60	£9.21
Desford	£35,707.00	£221,955.53	3930	£9.09	£56.48
Earl Shilton	£56,396.00	£161,453.87	10047	£5.61	£16.07
Groby	£58,537.00	£502,502.84	6796	£8.61	£73.94
Higham on the Hill	£4,750.00	£15,505.00	840	£5.65	£18.46
Market Bosworth	£44,569.00	£818,989.27	2097	£21.25	£390.55
Markfield	£52,520.00	£146,277.40	5047	£10.41	£28.98
Nailstone	£8,621.25	£17,391.62	514	£16.77	£33.84
Newbold Verdon	£18,975.00	£44,011.20	3012	£6.30	£14.61
Osbaston	£0.00	£0.00	255	£0.00	£0.00
Peckleton	£26,950.00	£90,434.45	1067	£25.26	£84.76
Ratby	£52,895.00	£348,873.94	4468	£11.84	£78.08
Shackerstone	£20,000.00	£105,782.00	921	£21.72	£114.86

Sheepy	£31,617.95	£108,471.76	1174	£26.93	£92.40
Stanton under Bardon	£39,597.00	£143,004.74	634	£62.46	£225.56
Stoke Golding	£44,732.00	£201,065.00	1684	£26.56	£119.40
Sutton Cheney	£24,067.75	£80,925.96	538	£44.74	£150.42
Twycross	£27,687.00	£103,303.12	850	£32.57	£121.53
Witherley	£18,755.00	£154,600.00	1373	£13.66	£112.60
<b>Grand Total</b>	<b>£843,997.95</b>	<b>£5,568,094.80</b>	<b>74397</b>	<b>£11.34</b>	<b>£74.84</b>

## APPENDIX 3

## NEW HOMES BONUS SPEND DETAIL BY PARISH

Parish	Funds Allocated 2011/12 £	Funds Allocated 2012/13 £	Funds Allocated 2013/14	Spent/Committed/Carried Forward
Hinckley SEA	22,613	48,560	92,223	Funds placed into reserves. All to be used from 2014/2015 on the Green Spaces Delivery Plan and also set up of a Hinckley Initiative Fund.
Bagworth	1,292.22	1913.29	1913.29	2011/12 and 2012/13 funds spent on improvements to the allotments in Bagworth, improving access and bringing a number of derelict plots into use
Barlestone	1,139.39	1139.39	2249.74	2011/12 funding spent taking down the porch on the pavilion. 2012/13 funding spent on following projects: grounds maintenance, new dog bins (concrete), remedial work all around the village to benches, seats and fencing, concreting the tennis posts in the courts.
Barwell	7,537.97	16512.52	17031.16	2011/12 funding spent on furnishing the Jubilee Hall and on CCTV which will cover Radford Park. 2012/13 allocation £5605 spent on community award for AFC Barwell Football Club, £1456 on refurbishment of pathways in Kirby Road Cemetery, £3466 on Mobile Vehicle Activated Sign. Carried forward £10908 2013/14 - £10908 c/f from 2012/13, plus £17031.16 funds committed towards new cemetery

				The total estimated cost of the new cemetery hasn't been finalised as only just getting towards the planning stage. Estimated cost will be more than NHB accrued, also investing PCouncil funds and possibility of a loan for remainder. (Supporting paperwork not forwarded as deemed commercially sensitive as not yet actually purchased the land!)
Burbage	6,399.61	12703.54	17815.76	2011/12 and 2012/13 funds carried forward, and along with the 2013/14 funding spent supporting the Parish Councils 2013/14 revenue budget. 2014/15 funding allocated to support the Parish Councils 2014/15 revenue budget.
Cadeby	00.00	00.00	49.39	To be carried forwarded to 2014/15
Carlton	1,076.85	1076.85	2904.41	2011/12 funds spent on preliminary works, and 2012/13 and 2013/14 funds carried forward & committed to the purchase of land and development of the Carlton Diamond Jubilee Orchard. Land purchase scheduled for May 2014. Total estimated costs for Diamond Jubilee Orchard £11631.54 Land purchase to be completed by June 2014
Desford	00.00	6459.20	6459.20	2012/13 funds spent to support the refurbishment of Botcheston recreation ground which included the purchase and installation of new equipment.
Earl Shilton	32,090.29	62988.85	81313.81	2011/12 funds spent on 'unexpected' items such as tree maintenance/removal, vandalism, together with Events <i>still under query re actual spend</i> 2012/13 and 2013/14 funds committed to the Pavilion Project.

				2014/15 funding committed for the Pavilion Project. <i>Still under query re total cost of the Pavilion</i>
Groby	1292.22	1292.22	1292.22	2011/12, 2012/13 and 2013/14 funds carried forward and committed to assist in providing for a Multi Use Games Area at Quarry Park in Groby. (Copy of supporting annual report provided) – works commenced 20/01/2014
Higham on the Hill	953.79	953.79	1546.51	2011/12, 2012/13 and 2013/14 funds carried forward, decision on allocation yet to be made as at 17/03/14
Hinckley Area (Special Expenses)	22,613.00	48,557.00	92222.70	2011/12 and 2012/13 funds carried forward to fund future parks and open space provision. <i>2013/14 finance to inform</i>
Market Bosworth	984.56	984.56	984.56	2011/12 and 2012/13 funds spent on purchase and installation of two village signs to commemorate the Diamond Jubilee, and remaining funds spent on a tarmac path. 2013/14, £600.00 spent on x 3 salt bins and remainder towards new bench for waterside Mede Play Area
Markfield	369.20	369.20	369.20	2011/12 and 2012/13 funds carried forward and committed to go towards the New Skatepark project to start at the end of February 2013 weather permitting. <i>Still under query whether completed</i>
Nailstone	00.00	341.59	1576.42	2012/13 funds has been committed for new floral containers on entrances to the village. Some of 2013/14 funds will also be utilised for this project.
Newbold Verdon	584.58	2820.45	3907.11	2011/12 and 2012/13 funds committed towards the

				<p>provision of new fencing at the Parish Council owned Recreation Ground off Dragon Lane. The cost of this work is approx £13,500 and work is due to commence in April 2013</p> <p>2013/14 funds spent on refurbishment of the War Memorial in preparation for the 100 year centenary later this year.</p>
Osbaston	584.58	833.01	1005.89	<p>2011/12 funds spent on local tree felling on Curtis Way Estate</p> <p>2012/13 spent on repairs to bus shelter £151, grounds maintenance and seat maintenance £280, contribution to cemetery ground maintenance in Barlestone £400</p> <p>2013/14 spent on bus shelter painting, Barlestone cemetery expenses, Nailstone cemetery expenses, ground and seat maintenance</p>
Peckleton	1,692.20	3,586.48	4080.41	<p>2011/12 funds spent on enabling continued delivery of existing services and provisions of the Parish Council</p> <p>2012/13 funds £2148.00 spent on establishment of a Table Tennis Group, Elder Citizens Social Contact Group, village hall kitchen and notice boards. Remainder of 2012/13 funds - £1438.48 will be carried forward</p> <p>2013/14 - £2493.48 committed (includes £1438.48 c/f) for resurfacing of the Kirby Mallory recreation ground basketball area (of this £1438.48 has already been spent, but the £1055.00 portion has not, because the weather 'stopped work'. It is not</p>



				<p>likely now that the £1055.00 will be spent until the 2014/5 financial year)</p> <p>£475.00 spent on signage for Kirby Mallory and Stapleton recreation grounds</p> <p>£320.00 spent on replacing broken gate and fence posts on both recreation grounds</p> <p>£220.00 spent on continuation of elderly citizens social contact groups</p> <p>£2010.41 to be carried forward to contribute to protection play area boundary fence for young people on Kirby Mallory recreation ground during 2014/15</p>
Ratby	5,507.35	8,985.38	10985.82	<p>2011/12 and 2012/13 funds carried forward and yet to be determined. Due to vandalism and subsequent removal of play equipment on one of the parks, the Parish Council is looking to replace equipment. However, the recreation ground where the equipment needs replacing is subject to a lease arrangement with the local developer and Council is at present in negotiations regarding a new lease.</p> <p>£14,492.73 c/f to 2013/14 – new lease for Burroughs Recreation Ground is still in the process of being negotiated. Considerable vandalism experienced over the last year requiring investment in replacement items</p> <p>£6,059.84 spent on festive decorations</p> <p>£930.24 spent on plastic planters</p> <p>£641.60 spent on 'springie' play equipment</p> <p>£714.00 spent on dog waste bins</p> <p>£19.80 spent on fencing posts</p>

				<p>£2,340.33 spent on play equipment  £3,450 spent on resurfacing damaged safety surfaces  Carried forward £11,322.74, to 2014/15 of which £3,552.84 is committed for costs of fitting power points to street lamps for festive decorations</p>
Shackerstone	1,815.27	3,243.75	4330.40	<p>2011/12 funds spent on a community defibrillator installed in Congerstone.  2012/13 funds spent on heritage lights in Bilstone and a contribution towards the bus shelter in Barton in the Beans.  2013/14 funds £4,330.40 carried forward to 2014/15 for a proposed cemetery extension in Shackerstone</p>
Sheepy	1,169.16	1,169.16	1712.49	<p>2011/12, 21012/13, and 2013/14 spent on replacing heritage streetlights in Sibson and ground maintenance work on Sheepy Playing Field.</p>
Stanton Under Bardon	00.00	403.70	403.70	<p>2012/13 and 2013/14 funds spent on a new notice board for the Parish</p>
Stoke Golding	00.00	714.24	714.24	<p>2012/13 funds spent on the upgrade of the Young Children's Play Area which has been fitted with new play equipment and self-closing gates to ROSPA specification as per the annual report  2013/14 funds spent towards costs of removal of slabs around the swings area in the Children's Play Area and replacing with turf as recommended by ROSPA for safety reasons.</p>
Sutton Cheney	338.44	338.44	338.44	<p>2011/12 and 2012/13 funds spent on notice boards for the villages of Daddlington, Shenton and Sutton Cheney</p>

				2013/14 funds spent on maintenance of the mature trees and the planting of a new Copper Beech tree on Dadlington Green.
Twycross	00.00	434.75	607.63	2012/13 and 2013/14 funds to be carried forward decision on allocation yet to be made

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**COUNCIL – 23 SEPTEMBER 2014**

**DISPOSAL OF MIDDLEFIELD LANE SITE**  
**REPORT OF THE 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 Council's approval to dispose of the Middlefield Lane site by way of formal tender.

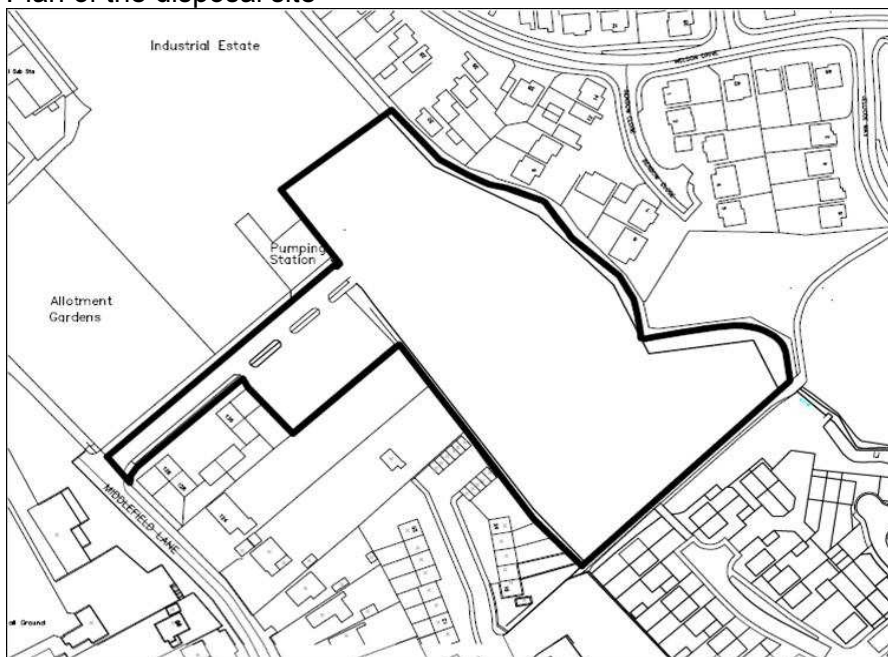
2. **RECOMMENDATIONS**

- 2.1 Approve the use of a formal tender process for marketing and disposal at a figure of not less than £2.2m as set out in s3.5 below.
- 2.2 Delegate to the Deputy Chief Executive, Corporate Direction, the authority to accept a tender and dispose of the land at a value not less than £2.2m.

3. **BACKGROUND TO THE REPORT**

- 3.1 The site of the former depot In Middlefield Lane has been cleared of buildings and marketing has commenced in accordance with the report approved by Council 3<sup>rd</sup> December 2013 for disposal by way of informal tender..

3.2 **Plan of the disposal site**



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- 3.3 An operational requirement has since been expressed to achieve this disposal with proceeds received by 31<sup>st</sup> March 2015 so that borrowing can be reduced.
- 3.4 As a result of analysis of the risks, especially in the experience of the protracted disposal of the Stoke Road site, it has been identified that proceeding by way of informal tender leaves open the risks of protracted further negotiation –particularly price chipping and deliberate delay by the purchaser for cash flow advantage. Considerable effort has been put into site investigations to counter many usual risk

factors affecting both price and timescale. It is therefore now suggested that disposal should proceed by formal tender so that a bidder becomes contractually bound to purchase – subject only to obtaining planning consent.

- 3.5 The tender document would set out detailed matters relating to allowable costs and timetable obligations for planning applications. The Council's external valuers placed the market value at £2.365m in a buoyant market. (November 2013). Matters have come to light since the valuation such as sewer routes and extensive ground disturbance caused by removal of deep foundations which potentially affect the ability to develop the site and this is expected to be reflected in bids. So a more conservative figure of £2.2m is proposed as a reserve price. If this figure is not reached then a further report and recommendation will be brought back to Council.

#### 4. FINANCIAL IMPLICATION [KP]

- 4.1 Once the site is marketed, it will be classified as an "Asset Held for Sale" on the Council's balance sheet, assuming that the sale will be achieved within one financial year. The site is currently valued on balance sheet at £2.365million and therefore if any variance on this would be taken to the Income and Expenditure account as a loss/gain. This entry is subsequently reversed out within the Statement of Accounts and therefore will have **no impact on Council Tax**. Any sale in with an undervalue in excess of £2million requires approval from the Secretary of State.
- 4.2 Any receipts obtained from the sale are deemed Useable Capital Receipts and can only be utilised for capital spend. All proceeds will be used to finance the capital cost of the new Leisure Centre, as outlined in the Capital Programme.

#### 5. LEGAL IMPLICATION [EH]

- 5.1 The disposal of the property has been approved by the Asset Management Strategy Group in accordance with the Constitution at its meeting of 28<sup>th</sup> April 2014. The group agreed to disposal at a minimum price of £2m. On the basis of the valuation this has been revised to the £2.2m price as recommended within this report.
- 5.2 To dispose of the former Depot Site at Middlefield Lane it is necessary to do so in accordance with the Council's adopted Disposals Strategy.
- 5.3 A formal tender process is the disposal of land by an advert which invited tenders to be submitted in accordance with the set procedure. The process requires significant preparation in order to ensure that a full appraisal is carried out on the transaction and all requirements and obligations to be met in a tender response are detailed within the tender documents. The tender document forms a contract for sale therefore the terms on which the Council wishes to dispose of the land will need to be fully documented within this in order to be secured.
- 5.4 The Council will need to place a public advertisement seeking expressions of interest and publicising the selection criteria by which it will evaluate the tenders. Selected tenders will be invited to submit their tender bids.
- 5.5 The sealed bids will be invited by a firm closing date and all bids will be opened together once that date has passed, in accordance with the Constitution. Once a tender is accepted, it forms a binding contract for sale. The tenders will then be assessed against the evaluation criteria.
- 5.6 Once a tender is accepted the tender bidder is contractually bound to proceed with the purchase on the terms within the tender documentation.

- 5.7 By moving to a formal tender process the Council will be taking a less flexible approach in relation to the disposal and imposing time constraints on the parties in order to achieve the capital receipt. Unlike with an informal tender process, the use of a formal tender process will prevent the Council from negotiating with bidders. The Council may seek formal best and final bids where two or more tender submissions score closely in the evaluation process.
- 5.8 In view of the inflexibility of the formal tender this procedure is usually not the preferred method of disposal, particularly where there is a conditional offer based on planning consent being obtained. However, in light of the need to realise the capital for the start of the financial year 2015/2016 this would be the best method for ensuring this is achieved, however it should be noted that sale by this date cannot be guaranteed as it is anticipated that the sale will be conditional on a number of factors, including planning. The sale will only be possible once these conditions have been met and there is a lack of control over this part of the process.
- 5.9 Current Contract Standing Orders do not ordinarily apply to property sales however they do regulate the formal tender process; therefore, in this instance they will be applicable to this disposal of land.

## 6. CORPORATE PLAN IMPLICATIONS

- 6.1 The redevelopment of the former depot supports the objective of creating a vibrant place to work and live.

## 7. CONSULTATION

- 7.1 HBBC Development Control consulted on the matter of future usage of the site and drafted a Planning Brief for potential purchasers.

## 8. RISK IMPLICATIONS

- 8.1 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 sell within the required time frame at an acceptable price	Proceed by formal tender as set out above]	Robert Vaughan

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

- 9.1 Disposal has no direct implications but future design and usage has implications which will be managed via the process for planning consent using approved HBBC policies.

## 10. CORPORATE IMPLICATIONS

- 10.1 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: Middlefield Lane Disposal, Council 3 December 2013

Contact Officer: Robert Vaughan. Principal Surveyor

Executive Member: Cllr K Lynch



**COUNCIL – 23 SEPTEMBER 2014**

**HINCKLEY & BOSWORTH LOCAL PLAN (2006 – 2026): ADOPTION  
OF EARL SHILTON AND BARWELL AREA ACTION PLAN  
REPORT OF THE DEPUTY CHIEF EXECUTIVE (COMMUNITY  
DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**WARDS AFFECTED: BARWELL AND EARL SHILTON**

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1. **PURPOSE OF REPORT**

- 1.1 To seek the agreement of Council to adopt the Earl Shilton and Barwell Area Action Plan as part of the Hinckley and Bosworth Local Plan (2006 to 2026).

2. **RECOMMENDATION**

To request Council to:

- (i) Note the conclusions and recommendations of the Planning Inspector of the examination of the Earl Shilton and Barwell Area Action Plan.
- (ii) Adopt the Earl Shilton and Barwell Area Action Plan.

3. **BACKGROUND TO THE REPORT**

- 3.1 The overarching strategy for the Hinckley & Bosworth Local Plan (2006 – 2026) is the adopted Core Strategy. This sets out the spatial objectives, directions for growth and strategic core policies for Hinckley and Bosworth and forms the basis for subsequent Local Plan documents. The intention to prepare an Area Action Plan (AAP) to shape proposed growth in Earl Shilton and Barwell is set out within the Core Strategy through policies 2 and 3.
- 3.2 The Earl Shilton and Barwell AAP will provide the development framework for the SUEs at Earl Shilton and Barwell to guide the Council, developers and others in investing in the future of the settlements over the period to 2026. The AAP seeks to ensure that the detailed proposals for the SUEs are located in the most appropriate areas (through the implementation of the masterplans); the necessary infrastructure to support the level of population growth generated by the SUEs is delivered and that the SUEs act as a catalyst for the regeneration of the existing settlement centres of Earl Shilton and Barwell.
- 3.3 The Council approved the consultation and subsequent submission of the Pre-submission version of the AAP to the Secretary of State for independent examination at full Council on 16 July 2013.

4. **EXAMINATION OF THE EARL SHILTON AND BARWELL AAP**

- 4.1 The AAP was submitted to the Secretary of State for independent examination on 13 December 2013, who appointed an independent Planning Inspector to carry out the examination of the AAP as required by Section 20 of the Planning & Compulsory Purchase Act 2004 (as amended). After an initial appraisal of the AAP, evidence base documents and responses received to the Pre-submission draft, the Inspector identified a number of matters and issues which formed the basis of the Examination hearing sessions.

- 4.2 Examination hearing sessions were held at the Borough Council offices on 27<sup>th</sup> and 28<sup>th</sup> March and 2<sup>nd</sup> and 3<sup>rd</sup> of April. The matters addressed during the hearing sessions related to: housing provision, deliverability and viability; non-transport infrastructure; employment and retail provision and town centre regeneration; and transport infrastructure to support the urban extensions. Legal and procedural matters were also addressed.
- 4.3 Following the hearing sessions, the Inspector proposed a number of Main Modifications to the plan (discussed further in section 5) to address issues relating to the soundness of the AAP. The Main Modifications were subject to a six week consultation period between the 2<sup>nd</sup> June and 14<sup>th</sup> July 2014. The Inspector received 18 responses to the Main Modifications and these were considered by the Inspector prior to drafting his report.

## 5. INSPECTOR'S REPORT – CONCLUSIONS AND RECOMMENDATIONS

- 5.1 The Planning Inspectorate dispatched the report on the Examination into the Earl Shilton and Barwell AAP to the Borough Council on 4 August 2014.
- 5.2 The Inspector's report contains an assessment of the AAP under the requirements of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). The report considers whether the preparation of the plan has complied with the duty to co-operate; whether it is compliant with the legal requirements of the Act and whether the plan meets the requirements of the National Planning Policy Framework (NPPF) and is sound through being positively prepared; justified; effective and consistent with national policy. The report provides discussion on each of the matters and issues referred to above, having regard to consultation responses received to the Pre-submission AAP, the discussions during the examination hearing sessions and comments received in response to the proposed main modifications. The report sets out the Inspector's conclusions on each of the issues and his recommendations. The full report on the Examination is a supporting paper to this report<sup>1</sup>.
- 5.3 The Inspector concluded:
- “The Council has requested that I recommend main modifications to make the plan sound and legally compliant and capable of adoption. I conclude that, with the recommended main modifications set out in the Annex to this report, the Earl Shilton and Barwell Area Action Plan satisfies the requirements of Section 20(5) of the 2004 Act and meets the criteria for soundness in the National Planning Policy Framework.”*
- 5.4 The main modifications are changes which relate to matters of soundness, which if not incorporated into the plan would make the plan unsound. The main modifications recommended by the Inspector are primarily those proposed by the Borough Council to the Inspector at the end of the examination hearing sessions. A summary of the main modifications is set out in the box below and are available to view in detail in the document attached to this report<sup>2</sup>.

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<sup>1</sup> Report on the Examination into the Earl Shilton and Barwell Area Action Plan (4 August 2014)

<sup>2</sup> Earl Shilton and Barwell AAP – Schedule of Inspector's Recommended Main Modifications

The Main Modifications (MM) can be summarised as follows:

- MM1 The housing trajectory, paragraph 10.5, to be deleted;
- MM2 Policies 6 and 12 to be more positively worded;
- MM3 A revised Infrastructure Schedule to be included;
- MM4 The wording of Policy 23 to be amended for clarification;
- MM5 The wording of Policy 8 be amended for consistency with Policy 14;
- MM6 That Policy 19 and supporting text be re-worded to clarify the means to implementation and make it more effective;
- MM7 The wording of Policies 9 and 15 to be amended to clarify the provision of facilities for community policing;
- MM8 That reference to the Highway Authority be deleted from the end of the second paragraph in Policies 10 and 16;
- MM9 The wording in the second bullet point of Policy 10 and the supporting text to be amended to clarify the future use of Mill Lane;
- MM10 A new Appendix 7 to be inserted which lists those policies in the plan which supersede policies in the adopted local plan and
- MM11 Figure 3 'submission Proposals Map' to be deleted from the plan.

5.5 A majority of the main modifications are consistent with those proposed by the Borough Council after the hearing sessions. The Council have incorporated the main modifications into the adoption version of the AAP<sup>3</sup>, a hard copy which is available to in the Members Room (final design of the document to be completed) and in electronic format on the intranet.

5.6 Throughout the examination process the Borough Council has also prepared a number of additional modifications. Additional modifications are changes which the Borough Council is entitled to make as they do not affect the soundness of the AAP. Additional Modifications include factual corrections, changes received in response to the AAP and consequential changes resulting from the Inspector's Main Modifications. A schedule of additional modifications<sup>4</sup> is attached to this report.

5.7 It is the recommendation to the Council that the Borough Council should adopt and publish the Earl Shilton and Barwell Area Action Plan in accordance with the Inspector's recommendations set out in paragraph 89 and 90 of the examination report.

## 6. FINANCIAL IMPLICATIONS [KP]

6.1 The Council has budgeted £146,986 in 2014/2015 for work on the Barwell and Earl Shilton Action plan. All costs associated with the Plan will be met from this budget.

## 7. LEGAL IMPLICATIONS [MR]

7.1 Set out in the report.

## 8. CORPORATE PLAN IMPLICATIONS

8.1 The Earl Shilton and Barwell Area Action Plan supports the following aims of the Corporate Plan 2013 – 2016:

<sup>3</sup> Hinckley and Bosworth Borough Council Local Plan 2006-2026: The Earl Shilton and Barwell Area Action Plan (September 2014)

<sup>4</sup> Earl Shilton and Barwell AAP – Schedule of Additional Modifications

- Creating a vibrant place to work and live; and
- Empowering communities.

9. **CONSULTATION**

9.1 The Borough Council is not required to undertake further consultation on the Earl Shilton and Barwell AAP but is required to notify all those who requested to be notified of the adoption of the AAP in accordance with Regulation 26 of the Town and Country Planning (Local Planning) (England) Regulations 2012.

10. **RISK IMPLICATIONS**

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

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

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
Risk of piecemeal development proposals within the proposed SUEs.	Adopt the Earl Shilton and Barwell AAP in accordance with the recommendation of the Inspector.	Nic Thomas

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

11.1 The Earl Shilton and Barwell Area Action Plan Preferred Options document proposes the allocation of land adjoining Earl Shilton and Barwell for the development of two mixed use sustainable urban extensions. The current land use in these locations is largely agricultural. The allocations are proposed to support the delivery of requirements set out in policies 2 and 3 of the adopted Core Strategy.

12. **CORPORATE IMPLICATIONS**

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

- Community Safety implications – None arising from this report
- Environmental implications – None arising from this report
- ICT implications – None arising from this report
- Asset Management implications – None arising from this report
- Human Resources implications – None arising from this report
- Planning Implications – Contained within the body of the report.
- Voluntary Sector – None arising from this report

Background papers:

- Report on the Examination into the Earl Shilton and Barwell Area Action Plan (4 August 2014)
- Earl Shilton and Barwell AAP – Schedule of Inspector’s Recommended Main Modifications
- Earl Shilton and Barwell AAP – Schedule of Additional Modifications

Contact Officer: Richard Crosthwaite – Principal Planning Officer (x5695)  
Executive Member: Councillor Stuart Bray

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Richard Crosthwaite  
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Hinckley  
Leicestershire  
LE10 1BZ

Our Ref: PINS/K2420/429/8

Date: 4<sup>th</sup> August 2014

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Dear Richard,

**HINCKLEY & BOSWORTH BOROUGH COUNCIL'S EARL SHILTON & BARWELL AREA ACTION PLAN: FINAL REPORT**

Thank you for your letter of 1<sup>st</sup> August 2014, providing your comments in response to the fact check of the Inspector's report on the Council's Earl Shilton & Barwell AAP.

The Inspector has corrected the errors that have arisen and made the amendments to the report where appropriate, and I enclose your final report.

Clearly it is now for the Council to adopt the Document at its discretion. The Inspectorate maintains a national database of Local Plans progress on the Planning Portal (and a submissions database) and we would be grateful if you can advise the Plans Team when you adopt in order that your plan status can be updated.

Please provide us with a Purchase Order Number so that we can include it on your invoice. Both the fees and expenses will be payable for all duties carried out in examining your Local Plan.

The Council should consider whether adoption could have any effect on appeals currently being considered by the Planning Inspectorate. As you know, appeals must be determined on the basis of the development plan as it exists at the time of the Inspector's (or the Secretary of State's) decision, not as it was at the time of the Council's decision. If adoption changes the policy position, the relevant Inspector(s) will need to take that into account. In addition, please ensure that your new policy position is clearly explained when submitting your Questionnaire in relation to future appeals received after adoption.

If the above circumstances apply, it would be very helpful if the Council could contact the relevant Case Officer(s) in the Planning Inspectorate dealing with any outstanding case(s) at the time of adoption.

Yours sincerely

Steve Carnaby

Plans Team





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# Report to Hinckley and Bosworth Borough Council

by John R Mattocks BSc DipTP MRTPI FRGS

an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 4<sup>th</sup> August 2014

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PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)

SECTION 20

## REPORT ON THE EXAMINATION INTO THE EARL SHILTON AND BARWELL AREA ACTION PLAN

Document submitted for examination on 13 December 2013

Examination hearings held on 27-28 March and 2-3 April 2014

File Ref: PINS/K2420/429/8

## Abbreviations Used in this Report

AAP	Area Action Plan
CIL	Community Infrastructure Levy
CS	Core Strategy
DtC	Duty to Co-operate
ELA	Employment Land Assessment
HCP	Hinckley Cycle Network Plan
HMA	Housing Market Area
LDS	Local Development Scheme
LLITM	Leicester and Leicestershire Integrated Transport Model
MM	Main Modification
NPPF	The National Planning Policy Framework
PC	Proposed Change
SCI	Statement of Community Involvement
SCS	Sustainable Community Strategy
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
STA	Strategic Transport Assessment
SUE	Sustainable Urban Extension
'The plan'	The Earl Shilton and Barwell Area Action Plan

## **Non-Technical Summary**

This report concludes that the Earl Shilton and Barwell Area Action Plan is an appropriate basis for the planning of the two named settlements provided that a number of modifications are made to the plan. The Hinckley and Bosworth Borough Council have specifically requested me to recommend any modifications necessary to enable the plan to be adopted.

All of the modifications to address this were proposed by the Council but where necessary I have amended detailed wording and/or added consequential modifications where necessary. I have recommended their inclusion after considering the representations from other parties on these issues.

The Main Modifications can be summarised as follows:

- MM1 The housing trajectory, paragraph 10.5, to be deleted;
- MM2 Policies 6 and 12 to be more positively worded;
- MM3 A revised Infrastructure Schedule to be included;
- MM4 The wording of Policy 23 to be amended for clarification;
- MM5 The wording of Policy 8 be amended for consistency with Policy 14;
- MM6 That Policy 19 and supporting text be re-worded to clarify the means to implementation and make it more effective;
- MM7 The wording of Policies 9 and 15 to be amended to clarify the provision of facilities for community policing;
- MM8 That reference to the Highway Authority be deleted from the end of the second paragraph in Policies 10 and 16;
- MM9 The wording in the second bullet point of Policy 10 and the supporting text to be amended to clarify the future use of Mill Lane;
- MM10 A new Appendix 7 to be inserted which lists those policies in the plan which supersede policies in the adopted local plan and
- MM11 Figure 3 'submission Proposals Map' to be deleted from the plan.

## Introduction

1. This report contains an assessment of the Earl Shilton and Barwell Area Action Plan in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). Firstly it is considered whether the preparation of the plan has complied with the duty to co-operate, in recognition of the fact that there is no scope to remedy any failure in this regard. Secondly, it is considered whether the plan is sound and whether it is compliant with the legal requirements. The National Planning Policy Framework (paragraph 182) makes clear that to be sound, a Local Plan should be positively prepared; justified; effective and consistent with national policy.

2. The starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan. The basis for my examination is the submitted draft plan (December 2013) which is the same as the document published for consultation in July 2013. The Council submitted, along with the plan, a schedule of 24 proposed changes to the draft plan (*Doc. AAP13*). These are mostly, but not entirely, of a minor nature and have not been subject to consultation. However, where the proposed changes concern matters on which the plan is unsound appropriate main modifications are recommended. Otherwise, it is for the Council to decide which of the proposed changes they wish to make as additional modifications to the plan.

3. This report deals with the main modifications that are needed to make the plan sound and legally compliant and they are identified in bold in the report (**MM**). In accordance with section 20(7C) of the 2004 Act the Council requested<sup>1</sup> that I should make any modifications needed to rectify matters that make the plan unsound/not legally compliant and thus incapable of being adopted. These main modifications are set out in an annex to this report.

4. The main modifications that are necessary for soundness and/or legal compliance all relate to matters that were discussed at the Examination hearings. Following these discussions, a schedule of proposed main modifications was prepared and the Council arranged for the schedule to be the subject of public consultation for six weeks. I have taken account of the consultation responses in coming to my conclusions in this report and in this light I have made an amendment to the detailed wording of main modification 5. This amendment does not significantly alter the content of the modifications as published for consultation or undermine the participatory processes and sustainability appraisal that has been undertaken.

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<sup>1</sup> By letter dated 6 February 2014, doc. EX06

## Assessment of Duty to Co-operate

5. Section s20(5)(c) of the 2004 Act requires that I consider whether the Council complied with any duty imposed on them by section 33A of the 2004 Act in relation to the preparation of the plan.

6. The AAP has been prepared primarily to give effect to proposals within the adopted Hinckley and Bosworth Core Strategy for the development of sustainable urban extensions (SUEs) to the settlements of Earl Shilton and Barnwell. The plan area is restricted to the two settlements including the areas proposed for the two SUEs. There are no land use proposals in the plan other than those required to support the SUEs. As a result, there are few cross-boundary implications other than in terms of transport impact.

7. In this context it is right that the Council's statement of the Duty to Co-operate focusses on their working relationship with the Highways Agency, County Highways Authority and those of adjoining Counties and Districts in a consideration of the strategic transport implications of the developments. In particular, this covers the impact on the A5 trunk road taking account of planned employment and housing developments in the neighbouring areas within Warwickshire as well as Leicestershire.

8. Evidence has been provided (*Doc. EX05*) of the workings of the A5 Transport Liaison Group. From this and other information supplied I am satisfied that the Duty to Co-operate has been fulfilled in so far as it is appropriate given the nature of the plan.

## Assessment of Soundness

### Preamble

9. As stated in paragraph 182 of the National Planning Policy Framework (NPPF), to be found sound a plan should have been positively prepared, justified, effective and consistent with national policy. National policy is contained in the NPPF supplemented by Planning Policy Guidance (PPG) issued in March 2014, which was after the start of the examination into this plan but before the hearings took place. The PPG, which is a web-based resource, does not constitute new policy and although participants were notified of its issue so that they might refer to it as appropriate, it did not warrant further consultation.

10. The entry for the AAP on page 17 of the adopted Local Development Scheme (*Doc. AAP 06*) states under 'role and subject' that the plan is 'to set out detailed policies and site proposals for the delivery of two Sustainable Urban Extensions at Barwell and East Shilton.' It also includes the identification of redevelopment and regeneration opportunities in the centres of Earl Shilton and Barwell and, in section 8, 6 development management policies which apply within the plan area.

11. The proposals for the two Sustainable Urban Extensions (SUEs) are contained in the adopted (2009) Hinckley and Bosworth Core Strategy (CS). In particular, CS paragraphs 4.18 to 4.20 together with policy 2 covering development in Earl Shilton, policy 3 covering development in Barwell and policy 5 covering Transport Infrastructure provide a very clear context for the preparation of the AAP.

The Core Strategy policies are specific as to the scale of the developments and their locations 'to the south' of Earl Shilton and 'to the west' of Barwell. Alternative options were appraised in detail in the examination of that plan (*Doc. AAP 08*).

12. The Core Strategy has, therefore, established the principle of the two SUEs and their general location. The principle has not, therefore, been a matter for this examination. The main issues for the examination of the AAP focus on the degree to which the policies in the plan will be effective in delivering the objectives of the CS policies and, together with CS policy 5 on Transport, will ensure that the proposed developments are, indeed, sustainable.

### **Main Issues**

13. Taking account of all the representations, written evidence and the discussions that took place at the examination hearings I have identified 13 issues upon which the soundness of the plan depends.

#### **Issue 1 – whether the reduction in the total number of houses to be provided in the Earl Shilton SUE would result in a serious shortfall in Borough-wide housing provision or in a distribution which would not accord with the adopted Core Strategy.**

14. The adopted Core Strategy was in general conformity with the now revoked East Midlands Regional Plan and provides that 9000 houses should be built in Hinckley Borough 2006-2026. In 2009, taking account of the identified supply, land was required to be identified in the plan for just over 5000 houses. Under CS policies 2 and 3 together the 2 SUEs are to provide a total of 4500 'environmentally sustainable homes', which is a very large proportion of the additional provision to be made in the Borough. The successful implementation of the proposed developments is, therefore, critical to the overall strategy to 2026. As stated in paragraph 182 of the NPPF, to be regarded as 'positively prepared' the plan should meet 'objectively assessed housing needs'. The Leicestershire SHMA (*Doc. EB40*) prepared in 2008 is to be updated, but any re-assessment of Borough-wide housing needs is beyond the geographical scope of this AAP.

15. AAP policy 7 states that a minimum of 1600 homes will be provided in the Earl Shilton SUE. That represents a reduction compared to the Core Strategy provision of 400 houses, or 20%. AAP Policy 13 provides for 2500 dwellings within the Barwell SUE, which accords with CS policy 3. The AAP includes, at paragraph 10.5, a development trajectory for the two SUEs alone which shows 2250 completions by 2026 at Barwell and 1550 at Earl Shilton. The latest information is contained in an updated (October 2013) Borough-wide housing trajectory which shows 2320 completions in the Barwell SUE and 1400 at Earl Shilton, a total shortfall against the CS of 780 dwellings as at 2026. However, the

SUE developments would continue for a time beyond 2026 until fully complete.

16. The Council draw attention to paragraph 4.8 of the CS and to the housing trajectory in Appendix 2 which shows a planned over-provision in the Borough to 2026 of 667 dwellings. The Inspector who examined the submitted Core Strategy recognised<sup>2</sup> that detailed capacity figures for the SUEs could not be conclusively identified until the completion of master-planning work and the AAP itself. I heard that the removal of the Water Treatment Works at Earl Shilton, although discounted at present, remains under discussion and could add a further 200 dwellings. Otherwise, the main reason for the reduction in numbers is a reduction in overall development density from the 40 dwellings per hectare required under CS Policy 16. That is as a result of the master-planning work, changes to Government policy and a shift in market demand towards 'family' housing, although the developers expect increased demands for smaller homes, partially as the result of the 'bedroom tax'. I accept the reality of the current situation.

17. The revised October 2013 trajectory shows a total of 9971 completions Borough-wide 2006-2026 despite the reduction in provision at the two SUEs. It is not a matter for this examination to test the deliverability of sites other than those within the restricted plan area but, on the basis of the information supplied, I conclude that the reduction in provision in Earl Shilton is unlikely to result in a serious shortfall in housing provision in the Borough as a whole. Any remedy for a shortfall would also need to be considered Borough-wide either through the forthcoming Site Allocations DPD or in a new comprehensive Local Plan. The distribution shown in the trajectory is in accordance with the Core Strategy with a focus on the main urban area of Hinckley and Burbage together with Earl Shilton and Barwell. Provision in the rural settlements is limited, primarily to meet local needs.

18. The housing trajectory in paragraph 10.5 has an October 2012 base date. The Council initially put forward a proposed change (PC18) to substitute the whole Borough housing trajectory updated to April 2013. However, the trajectory is updated every 6 months and by the time the hearings took place the figures for October 2013 were available showing a further amendment to the figures through slippage in the estimated start date (PC47). It would seem likely that the April 2014 figures will be available before the AAP is adopted. The housing trajectory is an important part of the evidence base for the plan but there is no requirement for it to be included in the plan itself. There is no policy directly linked to the trajectory, such as a phasing policy, although it links to delivery under Spatial Objective 1 in the monitoring framework. Inclusion of the trajectory means that the submitted plan is already out-of-date. For that reason, I consider it unsound because it runs counter to the intention behind the advice in paragraph 17 of the NPPF. A main modification (**MM1**) is required to delete paragraph 10.5.

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<sup>2</sup> Doc. AAP08, Inspector's report, paragraph 3.48

**Issue 2 – whether the proposals will result in an adequate provision of affordable housing in the Borough.**

19. There is no policy in the AAP relating to affordable housing. CS Policy 15 applies as is stated in paragraph 4.36 of the plan text where reference is made to the target of 20% on-site provision within both SUEs. It is also stated in that paragraph that where the affordable housing target is not met within the SUEs, the Council will seek commuted sums 'to contribute towards affordable housing schemes with the wider urban area'. It is only in the last entry of the Infrastructure Schedule where it is indicated that developer contributions of over £20m. will be sought for the two SUEs 'in lieu of half of the on-site policy requirement of 20% affordable housing'.

20. It is stated in CS policy 15 that there may be site-by-site negotiations taking into account local needs, existing provision, site characteristics and viability although commuted sums in-lieu of on-site provision is indicated to be acceptable only 'where there is already a high proportion of affordable housing'.

21. The commuted sums required are derived from the Affordable Housing SPD (*Doc. AAP12*) and are not at issue. The Barwell consortium confirmed that they have agreed to provide the 20% contribution sought with half as a commuted sum. There was no indication that a similar arrangement would not apply in Earl Shilton.

22. The Council confirmed a commitment to the provision of affordable housing to meet needs. Clearly the totality of provision, even at 10%, significantly exceeds identified needs in Barwell and Earl Shilton and would provide a high proportion of Borough-wide need. As the Council explained, the commuted sums would directly assist in a wide variety of schemes to provide affordable housing where it is most needed; including on brownfield sites within urban areas where development costs are high and might not otherwise be viable; in the purchase and renovation of empty property; in the buy-back of existing (former council) housing stock and in the purchase of rural exception sites and in new build (partnership) housing. Overall, the Council's approach is more flexible than envisaged in CS Policy 15; it reflects current market conditions and is adequately justified in the terms highlighted in the last bullet point of paragraph 50 of the NPPF. It is a sound approach.



### **Issue 3 – Whether the Sustainable Urban Extensions are deliverable within the envisaged timescale.**

#### *Timing*

23. There has been considerable slippage in the start dates for the urban extensions. The housing trajectory included as Appendix 2 to the adopted Core Strategy shows the first completions during 2012/13. The trajectory in paragraph 10.5 of the submitted plan shows completions on both SUEs during 2014/15 (this year) whereas the revised October 2013 trajectory shows the first completions on the Barwell SUE during 2015/16 and on the Earl Shilton SUE during 2016/17 with neither development completed in 2025/26.

24. On 23 April 2013 the Council resolved<sup>3</sup> to grant outline planning permission for the Barwell development subject to 52 conditions, many of which require the submission of further details such as a detailed phasing programme, and a s106 agreement covering many of the requirements set out in the Infrastructure Schedule of the AAP. The Council have confirmed that progress is being made in negotiations on the terms of a s106 agreement and that the planning permission is expected to be issued by October 2014. The outline application for the Earl Shilton SUE is now expected to be submitted by 'late summer/early Autumn'. Although these dates represent some slippage compared to the position when the examination hearings took place the time estimates in the housing trajectory are not seriously affected.

25. In due course, reserved matters applications will need to be submitted. Development may not commence until those have been approved and numerous other conditions met. Assuming there is no significant delay through the need for site preparation there must remain a degree of uncertainty as to when the first housing completions might be expected. Nevertheless, the trajectory has been drawn up with the full co-operation of the two development consortia. They have confirmed that the first phases of the development within each SUE will not require major infrastructural investment thus enabling an early start to be made. They are confident that completion of the first dwellings in each SUE will be as shown in the latest trajectory. I have no reason to dispute these claims.

#### *Total completion rate*

26. The Core Strategy provides for an average completion rate across the whole Borough of 450 dwellings a year ( $9000 \div 20$ ). For the two SUEs together a rate of 400 a year is shown between 2017/18 and 2021/22. The latest trajectory shows a gradual rise to 450 dwelling completions in 2020/21 and 400 thereafter.

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<sup>3</sup> Committee report, document BPA01

27. Evidence<sup>4</sup> from the Barwell Consortium is that up to 6 different building companies may be active on that SUE, delivering 40-50 residential units each a year, i.e. 240-300 dwellings a year. Four developers/housebuilders are involved in the Earl Shilton Consortium<sup>5</sup> which, on a similar basis would yield 160-200 dwellings a year. On that basis, it is accepted that there is potential for two SUEs together to yield 400-500 dwellings a year. It has to be recognised, however, that these are assumptions and rely upon a whole range of outside factors which determine demand. Large developments of this type are able to create their own market<sup>6</sup>.

28. The assumptions underpinning the trajectory are not unrealistic and thus the proposals for the SUEs are sound in this regard.

**Issue 4 – Whether the proposed development of the Sustainable Urban Extensions will be viable taking account of the package of infrastructure works required to support them, together with other financial contributions required to support the regeneration of the existing settlements.**

29. The Council commissioned a viability and deliverability assessment of the two Sustainable Urban Extension proposals from DTZ. (*Doc. EB31*) The report looks at market factors and makes assumptions as to the timing of infrastructure provision. As detailed information on phasing was not available to the consultants a 'conservative' estimate was made as to the front-loading of infrastructure costs. Moreover, there are opportunities to commence developments at both SUEs with minimal infrastructural work in the early years and thus not giving rise to high up-front costs.

30. Questions were raised in examination about several of the assumptions made in the DTZ assessment. Build costs used are in the lower quartile of the RICS Building Costs Index, at £80 per sq.ft., but it is clear that such a large development would produce significant economies of scale. The methodology covers the full build period and assumes a somewhat lower build rate than shown in the Council's housing trajectory. There is a full analysis of achieved sale prices and in view of the variety of house types to be provided and the effective creation of a new market, there is no reason to think that the assumption on total receipts is overly optimistic.

31. The viability assessment has proved to be robust. In the terms of paragraph 173 in the NPPF, the Barwell SUE is calculated to give a competitive return to a willing landowner of £118,000/acre, while Earl Shilton is estimated to provide £134,000/acre, both well above the threshold land value of £100,000. Developers

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<sup>4</sup> HBBC Supplementary Statement for Matter 1, Appendix 1, para. 2.

<sup>5</sup> HBBC Supplementary Statement for Matter 1, Appendix 3, para. 2.

<sup>6</sup> See paragraph 2.4 of DTZ report, document EB31

profit is 20% on Gross Development Value. On that basis the developments are judged to be viable. This was confirmed by developer representatives and is supported by the advanced stage reached in the site planning process, especially at Barwell.

**Issue 5 – Whether the policies of the AAP strike the right balance in providing flexibility to allow for changing circumstances whilst ensuring that essential infrastructure to support the SUEs is delivered.**

32. The AAP does not make specific land use allocations within the SUEs. On first reading that is a surprising omission, but the master-planning work is so far advanced in relation to both SUEs, with planning applications either made or about to be made, that the Council's approach is to provide general guidance on what is expected by specific reference to the development frameworks (Figures 4 and 5) subject to policies 6 and 12. In that context such an approach is sound. However, the two policies are negatively phrased and thus not flexible in application. In that regard the plan is not 'positively prepared' and does not truly reflect the NPPF presumption in favour of sustainable development. That is recognised by the Council's revised wording (PCs 30 and 35) which is the same for both policies. Those modifications are required to make the plan sound and both policies are covered by a single recommended main modification. **(MM2)**

33. The key policy to achieve the delivery of the necessary infrastructure to support development is No. 21, although policies 10 (Earl Shilton) and policy 16 (Barwell) also apply to strategic transport infrastructural provision and cross-reference to the Infrastructure Schedule inserted at (unnumbered) page 64 of the plan. The schedule lists the source of funding for each element and an approximate time horizon for delivery.

34. Policy 21 is very generally worded but it has to be recognised that the AAP is intended primarily to set a context for the negotiation of specific contributions towards infrastructural provision under s106 of the Planning Act 1990 and s278 of the Highways Act 1980. It is not necessary to specify by way of policy that any agreement or obligation should meet the "CIL tests"<sup>7</sup> as set out in paragraph 204 of the NPPF because it is national policy which also, as the Council rightly state, could change.

35. It is clearly stated in AAP paragraph 10.2 that the Infrastructure Schedule is 'indicative' although the evidence suggests that the listed schemes comprise those which are needed to directly support the developments, as currently identified. The reference in policies 10 and 16 to contributions towards strategic transport infrastructure needing to be 'in conformity' with the schedule may appear to be

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<sup>7</sup> Regulation 122 of the Community Infrastructure Levy Regulations

inconsistent with the indicative nature of the schedule but the identified transport improvements are essential. It is the costing of the schemes which is indicative, taking account, for example, of on-going discussions on the detailed design of road junctions and other improvements required as a direct result of the development proposals.

36. The Council's approach through policy 21 properly reflects the need to take viability factors into account. It is in recognition of the need to ensure that the totality of the obligations is not of such a scale as to risk the development becoming unviable. It is a fluid situation; the development of the SUEs with the obligations identified in the Infrastructure Schedule of AAP is viable taking account of present and forecast market conditions but there is also sufficient flexibility to take account of future changes, as advised in paragraph 205 of the NPPF.

37. There is justifiable concern within the local community that viability considerations might render undeliverable the regeneration benefits the developments are intended to bring. There must always be a degree of risk in that regard but AAP policy strikes the right balance by putting the onus on the developer to prove that the cost of providing a necessary community benefit would cause the development to become unviable. That is not the situation at present.

38. The Infrastructure Schedule is a key part of the plan in so far as it sets out the whole range of infrastructure and community benefits which are seen to be necessary to achieve a truly sustainable development. The Council have put forward (PC46) changes to the schedule to improve clarity and to include an additional column which, among other things, provides explanations of the basis for costs elements and a more precise indication of obligation requirements. Without such additions the Council's approach would be inadequately justified and thus not sound. A main modification (**MM3**) is recommended to rectify this.

39. The Council's revised Infrastructure Schedule has been consulted upon as proposed MM3. Although the caveat heading the schedule may appear to introduce uncertainty it is an accurate reflection of the reality of negotiation on the scope of s106 agreements which must comply with the guidance set out in paragraph 204 of the NPPF (see paragraph 34 above). The inclusion of a column identifying the key stakeholders and delivery partners makes clear that infrastructure provision will not be achieved solely through developer contributions.

**Issue 6 – a. Whether policy 23 in the AAP relating to existing employment sites is sufficiently clear in its application and b. whether the reduction in employment provision within the SUEs from that envisaged in the Core Strategy would render the developments less sustainable.**

*Clarity of wording of policy 23*

40. The guidance in paragraph 154 of the NPPF is that only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the (local) plan. The Council have accepted (PC43) that AAP policy 23 does not fully achieve that requirement in that the categorisation of existing employment sites (categories A, B and C) are not intended to be shown on the Policies Map but are set out in Appendix 5 to the plan. A modification (**MM4**) to the policy is required to make it sound in terms of conformity with national policy. Some of the other wording used in the policy is somewhat imprecise but

not such that a decision-maker would be unclear as to its intent.

*Reduction of employment provision in the SUEs*

41. Core Strategy Policy 2 provides for the allocation of 10 ha. of employment land in the Earl Shilton SUE and CS Policy 3 provides for the allocation of 15 ha. in the Barwell SUE in both cases primarily to support local employment opportunities. There are no specific land use allocations within the SUEs although AAP policies 6 and 12 require the developments to 'generally follow the land uses' within the frameworks provided in Figures 4 and 5.

42. The specific policies applying to the provision of new employment land within the SUEs are policy 8 for Earl Shilton and policy 14 for Barwell. In both policies the total area to be provided for employment purposes has been reduced significantly from the CS figure to 5.4 ha. (-46%) in Earl Shilton and to 6.2 ha. (-58.7%) in Barwell. The justification for this is set out in the plan text stating that the revised employment land requirement is the result of an Employment Land Assessment (ELA) undertaken in 2010 by King Sturge (*Doc. EB18*) whereas the evidence base for the Core Strategy figure was a PACEC Leicestershire countywide study in 2008. (*EB20(1)*)

43. A very important aspect of sustainability is to design development and to plan land uses such as to minimise the need to travel, including providing employment in locations which will allow residents to work close to home should they so choose<sup>8</sup> and encourage walking, cycling and the use of public transport. A suggestion that just 25% of journeys to work within the SUEs need be by private car appears not to have been carried forward in policy.<sup>9</sup>

44. Nevertheless, there appears to be no clear evidential basis for the CS figure of 25 ha. of employment land in the two SUEs together<sup>10</sup> which is a similar figure to that suggested in the PACEC study for other SUEs in Leicestershire. The Council commissioned the ELA specifically to assess the need for employment land in Earl Shilton and Barwell and to review the conclusions of the earlier PACEC report. Importantly, it sets out the conclusions of a draft report by Experian which links employment need with population growth looking at the particular demographic characteristics of similar larger scale residential development elsewhere. Taking account of other local factors, the identified 'employment land need' was 7.1 ha. for industry and warehousing at Barwell and 4.1 ha. at Earl Shilton plus 1.2 ha. for offices.<sup>11</sup> In the face of that evidence, so long as the provision of employment land

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<sup>8</sup> Core Strategy para. 4.19 (Doc. AAP 05)

<sup>9</sup> This derives from a 2008 Stakeholder's Workshop held as part of the PACEC Leicestershire HMA Employment Land Study by PACEC (para. 7.6.8 of Doc. EB20)

<sup>10</sup> Paragraph 3.3.29 Doc. EB18

<sup>11</sup> Doc. EB18, Table 11, para. 9.2.13, page 57

through the AAP is of that order, the overall sustainability of the proposed SUEs would be maintained.

45. There has, of course, been a significant shift in the market since the PACEC study. The King Sturge report assesses how much employment land might realistically be delivered over the plan period taking account of market factors. On that basis, the recommended provision is for a maximum of 6.5 ha. for industry/warehousing in Barwell and 4.9 ha. in Earl Shilton with an additional 0.5 ha. for an 'office courtyard' scheme, 5.4 ha. in total.

46. The actual areas of land within the SUEs to be provided for employment uses have been refined by the master-planning work. This suggests a minimum provision at Barwell of 6.2 ha. and 4.5 ha. at Earl Shilton plus up to 0.5 ha. for offices. There is an inconsistency between the wording of policy 8 for Earl Shilton with that used in policy 14 for Barwell and, for the plan to be sound, policy 8 requires modification.

47. In view of the sustainability benefit of local employment every opportunity needs to be taken to increase provision. It is a sound approach to set a minimum and provides flexibility to the future and it is recommended as a main modification **(MM5)**. The Council have agreed that there is no clear planning justification for a limit on the area for office (B1) use at Earl Shilton even should there be no perceived market demand at present. I accept that the consultative wording of MM5, derived from the Council's PC31, lacked clarity and a revised wording is now recommended, as suggested by AMEC.

### **Issue 7 – whether the proposals in the plan will provide sufficient support to retail businesses in the centres of Barwell and Earl Shilton.**

48. As with many other district shopping centres, the retail offer in both Barwell and Earl Shilton has declined in recent years. An important aspect in the justification for the development of the SUEs, as stated in the Core Strategy, is the regeneration of the existing centres including improving the retail offer.

49. Policies 9 and 15 in the AAP require 'local convenience retail provision' in each of the new neighbourhood centres within the SUEs. No floor space is specified although the total area for each centre is stated in the plan text and is identified in the development framework diagrams. This provides flexibility for negotiation on precise design criteria at planning application stage. An important qualification within the policies is that any retail provision in the neighbourhood centre(s) 'is complementary to, but does not detract from the ... District Centre'. Such a limitation is justified by the conclusions of an impact assessment (*Doc. EB15*) and is in line guidance in paragraph 23 of the NPPF. It is sound.

50. No timescale is given in the plan for the provision of the new centres although the Barwell consortium indicated a commitment to early delivery of the community hub, including a new primary school, and early marketing of the retail unit. Clearly there will need to be a resident population before any retail provision will become viable.

51. As stated in policy, both Barwell and Earl Shilton function as district centres within the retail hierarchy. They are subordinate to the main centre in Hinckley and, further away, the higher order centres of Nuneaton and Leicester. Indeed, it is specifically stated in AAP Spatial Objective 5 that 'the centres' (of Barwell and Earl Shilton) 'will continue to support the role of Hinckley as a sub-regional centre'. In turn,

the SUEs will help support the existing centres but there will always be 'leakage' to other centres. The Woodlands Garden Centre north of Stapleton, which provides a surprisingly wide retail range beyond garden related products, does not sit comfortably with the hierarchical model. The impact assessment identifies the potential increase in footfall in the centres as a result of the increase in population<sup>12</sup> in the order of 23% in Earl Shilton over 10 years<sup>13</sup> and 31% in the same time period in Barwell. The study also shows a reasonable level of confidence about growth prospects amongst local retailers.

52. There are proposals in the plan for improved car parking in the centres but the key is in the provision of easy and safe routes to the centres from the SUEs by foot, cycle and by enhanced bus services. AAP policies 11 and 17 set the criteria governing the form of the sustainable transport links required and they are identified in the development framework diagrams. Much will depend upon their implementation through planning applications including s106 agreements, the delivery of which is largely in the hands of the Council. The plan sets the context. There may be doubts about the extent to which the new residents will, indeed, support the existing centres rather than shop elsewhere but the retail impact assessment work is robust and represents a reasonable estimate of the support the new developments will bring to existing retail businesses.

**Issue 8 – whether the plan provides clear support for town centre regeneration including improvements to the public realm.**

53. As identified in paragraph 4.18 of the Core Strategy the choice of Earl Shilton and Barwell for the location of major developments to meet the wider needs of Hinckley and Bosworth Borough was strongly influenced by the need for regeneration of the existing centres. It is restated in paragraph 7.1 of the AAP as providing 'a catalyst' for regeneration. Detailed proposals are set out in Appendices 3 and 4 of the plan but policy 19 does not clearly state how planning applications for the SUE developments will be channelled towards achieving regeneration objectives. The policy is very general and includes words such as 'support' 'encourage' and 'seek'. It is not compliant with NPPF guidance in that regard.

54. The Council have accepted that policy 19 needs revision to strengthen its intent qualified by additional supporting text making clear how the regeneration benefits and public realm improvements detailed in the appendices are to be delivered. This is put forward as PC52. The revised policy includes reference to Appendix 1 and clarifies that this is intended as 'Design **Guidance**' (my emphasis) to which proposals should 'have regard'. Although such guidance might have been published separately as a Supplementary Planning Document its inclusion as an appendix to the AAP is not

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<sup>12</sup> Section 5.1.3 of document EB15

<sup>13</sup> This is based on an assumed 1650 dwellings in the SUE by 2026

unsound provided its status is clear. It is always open to the Council to allow variation from the details in the appendices subject to public consultation. I consider that PC52 is necessary in its entirety to ensure that the plan is effective and thus sound. It is recommended as **MM6**.

**Issue 9 – whether the plan makes adequate provision for the enhancement to community policing which would be required as the direct result of the proposed new housing developments and the resultant population increase.**

55. It is stated in paragraph 69 of the NPPF that plan policies should aim to achieve places which promote safe and accessible environments where crime and disorder, and the fear of crime, do not undermine quality of life or community cohesion. That guidance is primarily directed at the design of outdoor spaces such that people feel safe in using them. In part that includes their easy surveillance and hence policing. Good design can thus directly reduce crime and policing needs. Furthermore, the last bullet point in paragraph 17 of the NPPF, which sets out core planning principles, states that strategies should deliver sufficient community facilities and services to meet local needs.

56. During plan preparation the Council approached a wide variety of service providers to ascertain what additional facilities would be required to service the increased population. The results of the consultations have informed the content of the Infrastructure Schedule and thus the total cost of benefits which are largely, although not entirely, to be obtained from developers through s106 agreements.

57. However, the Leicestershire Police have made representation that the wording of policies 9 and 15 which refer to 'facilities for neighbourhood policing' in the proposed Neighbourhood Centres does not adequately reflect the true nature of the additional police facilities required. In response the Council have put forward (PC38) amendments to two policies to widen the scope of any developer contributions which may be required to meet requirements for the policing of the SUEs. That is a flexible approach which, although it leaves detailed requirements to negotiation at the planning application stage, is in the spirit of NPPF guidance and reflects the approach taken in consideration of the Barwell application. PCs 39 and 41 would introduce additional wording to paragraphs 5.18 and 6.16 to clarify the application of policies 9 and 15 respectively. Together with PC38, the Council's proposed changes are recommended as a modification (**MM7**) to ensure compliance with the NPPF and to make the plan sound in terms of its effectiveness.

58. There is a significant difference between the indicative sum included in the Infrastructure Schedule of the submitted plan as required under the heading



'Community Safety' (total £100,000) and the sum that the police say<sup>14</sup> is required to meet community needs directly relating to the increase in population which would arise from the development (£1.291 m.) There remains an unresolved issue on the compliance with the CIL regulations of certain elements within the total package of police service requirements despite the evidence on this point submitted by the police. The individual items are not detailed in the submitted AAP and negotiation on compliance is more appropriate in the context of a planning application. However, the Council accept that meeting the full police requirement would not render the SUE developments unviable. With a recognition (in the comments column of a revised Infrastructure Schedule) that there will need to be further negotiation of s106 obligations for individual items in the context of planning applications it is more realistic, and hence sound, to include the sums sought by the police within a total for Community Safety Infrastructure of £1,291,486. This has been put forward by the Council in PC46, included in MM3 above. It is not necessary to make specific reference to a requirement to meet CIL requirements in the policy as that applies in any event.

**Issue 10 – whether the detailed proposals of the AAP will effectively deliver the improvements to the strategic transport infrastructure identified in the Core Strategy in order to successfully mitigate the traffic impact of the development of the SUEs.**

*Highway Improvements*

59. A major improvement scheme is programmed for the Longshoot and Dodwells junctions with the A47 on the A5 trunk road. Initially linked to the development of the MIRA site it is now part of the "pinch point plus" programme. The Highways Agency confirmed that work on the scheme is to start in September 2014 for 23 weeks and that funding is secured. In addition further improvement works are required at the A5 junctions specifically to accommodate the additional traffic flows resulting from the proposed developments at Barwell and Earl Shilton. There has been co-operative working between neighbouring Planning and Highway authorities to take account of planned developments in the wider area.<sup>15</sup>

60. Indicative costings for the further improvements are shown in the Infrastructure Schedule. Developer contributions to necessary highway works are secured through AAP policies 10 and 16. Detailed requirements for the Barwell development have been discussed and agreed with the Highways Agency but negotiations are less far advanced for Earl Shilton. Although the Highways Agency did not yet have the necessary information to be able to assess fully the impact of the Earl Shilton development this was seen as a matter of detail which is the

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<sup>14</sup> Supplementary Statement 11

<sup>15</sup> See paragraphs 7 and 8 of this report with reference to the Duty to Co-operate.

subject of discussion in the context of the imminent planning application<sup>16</sup> and does not present a significant difficulty.

61. Other highway improvements include the A47 Hinckley North Perimeter Road and junction improvements to include junction improvements and bus priority measures. All of the programmed improvements are set out in section 10 of the Strategic Transport Assessment (STA) (*Doc. EB16*) which supports the AAP. The schemes are also listed in the Infrastructure Schedule of the plan itself.

62. The deliverability of the plan proposals and the sustainability of the proposed developments depends upon the full package of transport improvement measures set out in the Infrastructure Schedule. That is part of the plan and a key element within the Implementation section. As such it is not open to the Council to make significant amendment to the measures to be introduced except by bringing forward an alteration to the statutory plan. It is certainly not appropriate for the County Highway Authority to alter the list of approved schemes as the wording in AAP policies 10 and 16 appears to suggest. The Highway Authority (or, indeed, the Highways Agency) is a third party. That element of the plan policies is not sound for that reason. The Council have put forward a change (PC50) to state only that the schemes will be in accordance with Highway Authority specification but it is unnecessary to state that in a policy because it will always be the case. Therefore, for the plan to be sound, the reference to the Highway Authority should be omitted altogether. **(MM8)**

#### *Effect on the rural road network*

63. The modelling methodology adopted for the testing of future traffic flows from the SUEs and the capacity of the local road network is fully set out in the STA. The main model used, the Leicester and Leicestershire Integrated Transport Model (LLITM) is a comprehensive strategic model which takes full account of planned housing and employment development. A second tier Paramics model has been used to check junction capacities.

64. Residents and several Parish Councils for villages to the north of Barwell challenged the robustness of the LLITM putting forward evidence of traffic counts carried out in Stoke Golding village which show very much higher flows (one almost five times the level) than the 2011 baseline flow used for the model. Even so, the variation from the baseline is compliant with WebTAG modelling criteria. Allowances also need to be made for the time of day and year. Nevertheless, the concern of local residents about the environmental effects of 'rat-running' through the villages is understandable. There are also expressions of 'incredulity' with regard to the model prediction for traffic turning right from the Barwell SUE to use

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<sup>16</sup> See paragraph 25 of this report

the A447 north through the double bend at Stapleton to gain access to Leicester along the rural road through Kirkby Mallory and Peckleton.

65. The validity of any modelling process must necessarily depend upon the data inputs. In this case, an important element is that of future land use patterns and modal split. A very strong emphasis is placed on the need to prioritise the use of sustainable transport modes which are planned to reduce reliance on the private motor car over time. There is no sound basis for a simple grossing up of existing measured vehicular flows without taking account of the plan strategy to improve the strategic A47/A5 corridor or to recognise the forecast shift in movement patterns away from Leicester towards Nuneaton/Coventry. It is also significant that the urban developments at Barwell and Earl Shilton are expected to support and be dependent upon employment and service opportunities within Hinckley itself.

66. The evidence of the individual traffic counts shows that there is a propensity for existing residents of the Barwell area in particular to make use of rural roads to bypass traffic congestion 'hotspots'. It is a problem which is specifically identified in paragraph 9.26 of the STA and it is acknowledged that the additional traffic generated by the SUEs will 'exacerbate the situation'. However, the mitigation strategy is aimed at removing congestion at key junctions. It is a factor which has been taken into account in the design of improvements at the Dodwells junction where specific bus priority measures are no longer proposed<sup>17</sup>.

67. The AAP is sound in the sense that it advances a package of sustainable transport measures, including road improvements, which have been identified as directly required to service the housing developments themselves and directly resulting from them. It is only on that basis that the Council would be justified in seeking developer contributions for such infrastructure by way of obligations under s106 of the Town and Country Planning Act 1990.

68. The package of highway improvement measures identified in the STA and brought forward through the Infrastructure Schedule in the AAP is to be implemented largely through developer contributions. Together with other sustainable transport measures, as discussed below, it should successfully mitigate the impact of additional traffic flows from the SUEs on the road network. It is key to the strategy that a reduction in congestion will be of benefit to all road users and will encourage use of the principal road network in preference to the rural lanes. In the circumstances, there is no clear justification for the inclusion of additional physical measures, including amendments to junction designs, to reduce traffic on the rural lanes within the package to be required of developers and included in the Infrastructure Schedule of the AAP. As stated by the Council<sup>18</sup> the effect of the

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<sup>17</sup> HBBC Supplementary Statement for Matter 4, paragraphs 2.1.17 and 18.

<sup>18</sup> HBBC Supplementary Statement for Matter 4, paragraphs 2.2.21 and 22.

developments on rural roads will need to be monitored and further measures agreed and implemented should traffic flows through the villages increase to an unacceptable level. That is outside the AAP process.

**Issue 11 – whether the plan is sufficiently clear on the nature of the proposed links from within the SUE to the centre of Earl Shilton.**

69. The approach to the provision of access into and through the SUEs and connectivity to the existing centres is set out in the plan under policies 10 and 11 for Earl Shilton and 16 and 17 for Barwell. Importantly, the aim is to ensure that permeability is achieved without encouraging short distance car journeys or unwanted through traffic. The development frameworks in Figures 4 and 5 show the access points and linkages in map form.

70. Much of the detail including the design of the links is left to the planning application stage which is well advanced for Barwell. However, uncertainties remain over the nature of proposals for Earl Shilton. Clarification of policy 10 would be achieved through PCs 33 and 34, however the references in policy 10 and paragraph 5.37 to the future use of Mill Lane appear to suggest that the lane could be open to vehicular traffic contrary to the symbol in Figure 4 which suggests cycle and pedestrian use only.

71. During the discussion on Matter 4 the Council suggested that the use of Mill Lane would be 'restricted' which would mean that 'extraneous through traffic' would be prevented either by physical measures or traffic regulation. I heard that it may be necessary for the efficient operation of the local bus service for Mill Lane to act as a bus route. That option should remain available. The route is not suitable for general traffic owing to the proximity of a school but it has the character of a residential road in that section where restriction through traffic regulation would be the norm. The word 'extraneous' appears to have little practical meaning.

72. Whether or not Mill Lane is deemed suitable in the interim, prior to the completion of the new link to Clicker's Way, to accommodate vehicular traffic from the 'phase one' site on the north side of Mill Lane is a matter for consideration in the determination of any planning application for that site. The policy should not preclude that possibility, but it is clear that once the new link is complete there must be some sort of barrier to prevent general vehicular use of Mill Lane to gain access to the town centre. The revised wording (PC49) suggested by the Council for paragraph 5.37 makes that clear but for the plan to be sound in the sense of its effectiveness the wording of the policy needs to be strengthened by the insertion of 'restricted' to qualify the use of Mill Lane. However, the evidence base in the form of the STA does not support a restriction to pedestrian and cycle use only and it would appear that the symbol on Figure 4 is not correct in that regard. A main modification is required to both the policy and the supporting text. **(MM9)**

**Issue 12 – whether the plan includes adequate provision to secure cycle links between residential and employment areas and Hinckley.**

73. The second bullet point in Core Strategy policy 5 states that the cycle routes to be implemented are identified in the Hinckley Cycle Network Plan (HCP) with priority given to strategic routes between Hinckley, Burbage, Barwell and Earl Shilton. Reference is also made in CS policies 2 and 3 to the provision of 'safe, high quality cycle routes'. Section of the STA prepared for the AAP sets out a cycle strategy.

74. In view of the acknowledged importance of cycle routes to the sustainability of the urban extensions and their close functional relationship with Hinckley it is, perhaps, surprising that there is no indication of those routes on the policies map. In particular, policies 11 and 17 clearly identify the requirement for cycle routes between residential and employment areas and to recreational facilities, between the SUEs and to Hinckley.

75. However, given the nature and function of the AAP, with its tightly drawn plan boundary, I accept that there is little or no scope for the identification on the policies map of routes to/from Hinckley. The HCP is not part of the development plan and, therefore, it should be borne in mind that the land-use implications of any proposed cycle routes should be identified in the local plan in due course.

Their quality is important to encourage future use especially, given the relatively short distances, for cycling to work at times bus services do not operate. A full package of sustainable transport measures is put forward in the latest County Local Transport Plan (LTP3).

76. Looking at the plan as whole, footpaths and cycleways are identified on the development framework diagrams (Figures 4 and 5) with their delivery secured through policies 6 and 12. There are also whole sections of text for each SUE (paras. 5.38-5.45 and 6.41-6.47) accompanying policies 11 and 17 which set out the requirements for walking and cycling routes in considerable detail. The importance of this to the sustainability of the developments is not in doubt. The plan is sound in that regard.

**Issue 13 – whether the development programme and phasing is likely to achieve the early completion of the spine road(s) in order to enable the provision of good bus services within easy walking distance of people's homes.**

77. Barwell and Earl Shilton are relatively well served at present by strategic bus services which run between Leicester and Hinckley and on towards Nuneaton and Coventry. There are also more local services running less frequently and indirectly serving residential areas of Hinckley as well Barwell and Earl Shilton.

78. Section 4 of the STA provides detail on the proposed bus strategy and that is summarised in paragraphs 4.15-4.18 of the AAP headed 'Public Transport' although reference is made in paragraph 4.25 to it being a Public Transport Strategy. The Council's suggested amendments (PCs 37 and 48) to those paragraphs are for clarification of the purposes of the bus strategy. This involves enhancements and re-routing of the existing services and recognition that some subsidies will be required in the early years of the developments funded by s106 contributions (included in the Infrastructure Schedule). Despite the emphasis given in Core Strategy Policy 5 to the particular need to improve links to Hinckley Railway Station there is no reference to that either in the STA or in the AAP. As nothing has been done to progress the re-opening of Elmesthorpe station on the Birmingham-Nuneaton-Leicester railway line the need for improved connectivity between the SUEs and Hinckley station is a matter which requires further consideration by the County Council as a transport authority. It is not so critical as to render the AAP unsound but would enhance the sustainability of the proposals.

79. It is specifically stated in paragraph 4.9 of the STA that the proposed (bus) service amendments will need to be established early on in the development (at least by the 50<sup>th</sup> dwelling) in order to help develop modal shift behaviour patterns. This is reflected in paragraph 4.18 of the AAP. Policies 10 and 16 require the

construction of a spine road suitable for bus operation but there is no policy requirement for early completion of that road, rather it is stated in the policies that timings of delivery of the (road) improvements will be negotiated at planning application stage. That will need to take account of viability considerations.

80. The Barwell permission when issued will include a condition (no. 4)<sup>19</sup> which requires a phasing programme specifying the scope and timing of major internal infrastructure and the delivery of public transport including the location of bus stops 'within a maximum 400m. walking distance of each dwelling'. A further condition (no. 25) requires the submission of a public transport scheme. Thus, the Council will be in a position to consider the effectiveness of any proposals for bus provision within the developments and to reject any unsatisfactory proposals.

81. The development consortia provided preliminary phasing information at the hearing. There is recognition of the importance of the early completion of the spine roads and the Barwell consortium have stated that the first phase development for each landowner is along the spine road. The Earl Shilton consortium have shown that pedestrian links to existing services can be provided within the 400 m. walking distance.

82. Taking account of the advanced position with regard to the submission and determination of planning applications and the control to be exercised by the Council through planning conditions, the lack of a clear policy direction on phasing within the AAP to ensure the early completion of the spine roads becomes less critical to sustainable transport provision. It is a weakness of the plan but, in the circumstances, is not such as to make it unsound.

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<sup>19</sup> See Document BPA1

## Assessment of Legal Compliance

83. My examination of the compliance of the plan with the legal requirements is summarised in the table below.

<b>LEGAL REQUIREMENTS</b>	
Local Development Scheme (LDS)	The AAP is identified within the approved LDS (December 2013) which sets out an expected adoption date of July 2014. Submission was in December 2013 as stated. The role of the AAP is as stated although the title of the submitted document is the Earl Shilton and Barwell AAP, not the other way around as listed in section 4.2 of the LDS. That is of no great consequence and the plan is broadly compliant with the LDS.
Statement of Community Involvement (SCI) and relevant regulations	The SCI was adopted in November 2006 and consultation has been compliant with the requirements therein, including the consultation on the post-submission proposed 'main modification' changes (MM)
Sustainability Appraisal (SA)	SA has been carried out and is adequate.
Appropriate Assessment (AA)	The Council have submitted a Habitats Regulations Assessment Screening Report (Doc. EB24) in which it is confirmed that there are no European sites within the plan area and that an Appropriate Assessment is not necessary.
National Policy	The Local Plan complies with national policy except where indicated and modifications are recommended.
Sustainable Community Strategy (SCS)	Satisfactory regard has been paid to the SCS in the form of the Hinckley and Bosworth Community Plan.
Public Sector Equality Duty (PSED)	The Council have demonstrated that they have complied with the Duty in compiling the plan.
2004 Act (as amended) and 2012 Regulations.	The Local Plan complies with the Act and Regulations (see below).

### Compliance with the 2012 Regulations

#### *Regulation 8*

84. The submitted plan does not comply with Regulation 8(5) which requires that where a plan contains a policy which is intended to supersede another policy in the adopted development plan it must state that fact and identify the superseded policy. The Council have accepted the omission and put forward, as PC25, a new Appendix 7 to the plan which lists all of the policies in the AAP which are intended to supersede those in the adopted local plan. The inclusion of that Appendix is recommended to meet the requirements of Regulation 8. **(MM10)**



### *Regulation 19*

85. Regulation 19(a) requires copies of a 'statement of the representations procedure' to be made available with the published plan in accordance with Regulation 35. What should comprise the 'statement of representations procedure' is defined under Regulation 17.

**86.** The Council have supplied copies of the notices published in the Public Notices columns of local newspapers, although that is not now a requirement of the Regulations. This has, as a heading, 'Statement of representations procedure' and under 'Geographical coverage' states 'The plan relates to the settlements of Earl Shilton and Barwell'. On the other hand, the entry in the LDS simply states 'Barwell and Earl Shilton', which might relate to the parish areas. In the plan itself, various references to 'the settlements' clearly relate to the existing built-up areas which are to be extended. That is confusing and it only became clear during the examination that the red line settlement boundary as shown on Figure 3 was intended to be the plan boundary. It led to at least one representation relating to a site outside but abutting the plan boundary. The reference to the Statement in the press notices means that the plan complies with the Regulation but the ambiguity in the wording would have been best avoided.

### *Regulation 22*

87. Regulation 22(1)(b) requires that a 'submission policies map' should be submitted to the Secretary of State with the plan 'if the adoption of the local plan would result in changes to the adopted policies map'. The term 'submission policies map' is defined in the interpretation section under Regulation 2(1)(l) as accompanying a local plan. That is because, by virtue of Regulation 5(1)(b) it is a 'local development document' but is not a 'local plan' under Regulation 6. It should be kept separate from the plan itself and not included within it as is Figure 3 of the submitted AAP which is referred to erroneously as the 'plan proposals map'<sup>20</sup>. The regulations do not preclude the inclusion of more information on the submission policies map than is strictly necessary.

88. Upon adoption of a local plan the 'adopted policies map' will, in accordance with Regulation 9, be amended to illustrate geographically the policies in what will then be the adopted development plan. It is not, therefore, correct to include the policies map within the plan itself. To accord with the Regulations, Figure 3 in the submitted plan must be deleted. **(MM11)**

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<sup>20</sup> The Council intend (PC26) to replace all references to 'Proposals Map' by 'Policies Map'.

## **Overall Conclusion and Recommendation**

**89. The plan has a number of deficiencies in relation to soundness and legal compliance for the reasons set out above which mean that I recommend non-adoption of it as submitted, in accordance with Section 20(7A) of the Act. These deficiencies have been explored in the issues set out above.**

**90. The Council has requested that I recommend main modifications to make the plan sound and legally compliant and capable of adoption. I conclude that, with the recommended main modifications set out in the Annex to this report, the Earl Shilton and Barwell Area Action Plan satisfies the requirements of Section 20(5) of the 2004 Act and meets the criteria for soundness in the National Planning Policy Framework.**

*John R Mattocks*

Inspector

This report is accompanied by the Annex containing the Main Modifications

**EARL SHILTON AND BARWELL AAP – SCHEDULE OF INSPECTOR’S RECOMMENDED MAIN MODIFICATIONS**

The following schedule details the Main Modifications (MM) which the Inspector proposes to recommend in order to make the plan sound. Where additional or replacement wording is recommended it is shown in **bold**.

<b>Main Modification No.</b>	<b>Paragraph / Policy Number in Plan</b>	<b>Proposed Modification</b>
MM1	Development Trajectory (Para.10.5)	Delete this paragraph and the housing trajectory.
MM2	Policies 6 and 12	Modify the second sentence of Policies 6 and 12 to read:-  <b>Deviation from the development framework will be permitted where proposals would not prejudice the achievement of the overall requirements of the policies in this Area Action Plan and Local Plan (2006-2026) taken as a whole.</b>
MM3	Infrastructure Schedule (page 64)	Replace the Infrastructure Schedule by an updated version as set out at the end of this list of main modifications, (Appendix 1).

Main Modification No.	Paragraph / Policy Number in Plan	Proposed Modification
MM4	Policy 23	<p>Substitute the following wording for the first two paragraphs of the Policy:-</p> <p><b>Existing employment sites categorised as A, B or C sites are identified in Appendix 5 and delineated on the Policies Map.</b></p> <p><b><u>Category A Sites</u></b></p> <p><b>The Council will seek to retain sites classified as category A sites in their entirety, for B1, B2 and B8 employment uses.</b></p>
MM5	Policy 8	<p>Modify the first sentence of Policy 8 to read:-</p> <p><b>The development will provide for a minimum of 4.5ha of employment land, predominantly for industrial and warehousing use within classes B2 and B8, of which at least 0.5ha shall be for B1 use classes.</b></p>
MM6	Policy 19 and supporting text.	<p>Delete Policy 19 and replace by a new policy to read as follows:</p> <p><b>To enable the regeneration of the District Centres of Earl Shilton and Barwell, development proposals within the settlement boundary (as defined on the Policies Map) shall be permitted which:</b></p> <ul style="list-style-type: none"> <li>• <b>Contribute to the enhancement of the public realm, through physical development and / or developer contributions which conform to the</b></li> </ul>

		<p>respective public realm strategies in Appendix 4; or</p> <ul style="list-style-type: none"> <li>• Contribute to the successful regeneration of the opportunity sites identified in Appendix 3; or</li> <li>• Increase and improve the range of retail provision of the district centres in accordance with Policy 26 (Vitality of District, Local and Neighbourhood Centres).</li> </ul> <p>All proposals will be required to conform to policies contained in the Local Plan and have regard to the design guidance in Appendix 1.</p> <p>Where appropriate, contributions towards improvements to the public realm which conform with the respective public realm strategies in Appendix 4 will be required from development within:</p> <ul style="list-style-type: none"> <li>• Earl Shilton SUE towards Earl Shilton District Centre; and</li> <li>• Barwell SUE towards Barwell District Centre.</li> </ul> <p>Insert new text before Policy 19 in explanation and justification of that policy, as follows:-</p> <p><b>7.12 The AAP provides a holistic framework for planning for the future of the settlements with the delivery of the SUEs acting as a catalyst for the successful regeneration of the existing settlements of Earl Shilton and Barwell, notably the District Centres.</b></p> <p><b>7.13 Appendix 3 of this AAP identifies a number of small-scale but important redevelopment opportunities which can play an important part in the wider public realm improvements to the district centres. Appendix 4 provides two public realm strategies for the district</b></p>
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		<p>centres of Earl Shilton and Barwell, identifying key existing issues, some opportunities and design principles for improvements to the public realm.</p> <p><b>7.14</b> Regeneration requires a pro-active approach from a number of partner organisations and stakeholders such as Hinckley &amp; Bosworth Borough Council; Leicestershire County Council, Barwell Parish Council, Earl Shilton Town Council, partnership groups and local businesses. A number of initiatives can be delivered and promoted by the various stakeholders which go beyond the role of the AAP as a land use plan, for example:</p> <ul style="list-style-type: none"> <li>• promoting the retail, services and leisure opportunities that are available in the District Centres</li> <li>• improving perceptions of the District Centres through ‘Place Branding’</li> <li>• pro-actively seeking funding opportunities which can contribute towards environmental improvements including those to enhance the public realm.</li> </ul> <p><b>7.15</b> Policy 19 favourably considers proposals within the settlement centres which realise the opportunities identified in Appendix 3, contribute towards the physical improvements to the public realm, increase the retail offering within the district centres or utilise the existing vacant retail premises in accordance with Policy 26 (Vitalising District, Local and Neighbourhood Centres).</p>
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MM7	Policies 9 (fourth bullet point) and 15 (fifth bullet point)  Paragraph 5.18 (fourth sentence) and paragraph 6.16 (final sentence)	Delete the wording after the requisite bullet point in each policy as substitute the following wording:-  <b>Facilities for the policing of the SUE neighbourhood, or alternatively where appropriate, through equivalent developer contributions towards the provision of facilities for the policing of the SUE neighbourhood.</b>  Delete the text in the requisite sentences and substitute the following new wording:-  <b>The Neighbourhood Centre could also accommodate facilities for neighbourhood policing however it is recognised that the provision for facilities could be more appropriately delivered at the existing Neighbourhood Policing base at the George Ward Centre.</b>
MM8	Policies 10 and 16, second main paragraph	In both policies delete the words 'or as approved by the Highways Authority' from the end of the second main paragraph.

MM9	Policy 10 and paragraph 5.37.	<p>Amend the wording in the second bullet point of Policy 10 to refer to 'the <b>restricted use_of Mill Lane</b>'.</p> <p>Delete paragraph 5.37 and replace by the following:-</p> <p><b>Two further accesses are proposed at Mill Lane and Astley Road to link the SUE to the existing settlement. The design of these connections and the internal road network will need to ensure that through traffic is discouraged. This objective may be achieved through physical measures to prevent or deter movement for through traffic or by the introduction of appropriate traffic regulation orders to limit use to access purposes only.</b></p>
MM10	New Appendix 7	<p>Insert a table (overleaf) which identifies which of the saved policies in the adopted Hinckley and Bosworth Local Plan (2001) will be superseded by policies in the Area Action Plan as they relate to the settlements of Earl Shilton and Barwell only.</p>
MM11	Figure 3: Submission Policies Map	Delete Figure 3



**APPENDIX 7: SAVED LOCAL PLAN (2001) POLICIES TO BE REPLACED BY POLICIES IN THE EARL SHILTON**

Existing Local Plan Policy (2001)		Replacement Policy in the Earl Shilton & Barwell Area Action Plan (2006 - 2026)	
RES1	Residential Proposals	ESBAAP Policy 1	Sustainable Urban Extension (SUE)
		ESBAAP Policy 6	Earl Shilton Urban Extension
		ESBAAP Policy 7	Housing in Earl Shilton Urban Extension
		ESBAAP Policy 12	Barwell Urban Extension
		ESBAAP Policy 13	Housing in Barwell Urban Extension
		ESBAAP Policy 23	Existing Employment Sites
EMP1	Existing Employment Sites		
EMP3	Land for Employment Development	ESBAAP Policy 8	Employment in Earl Shilton Urban Extension
		ESBAAP Policy 14	Employment in Barwell Urban Extension
BE1	Design and Siting of Development	ESBAAP Policy 22	Development and Design
NE12	Landscaping Schemes	ESBAAP Policy 22	Development and Design
T3	New Development and Public Transport	ESBAAP Policy 10	General Highways Provision for Earl Shilton Urban Extension
		ESBAAP Policy 16	General Highways for Barwell Urban Extension
		ESBAAP Policy 21	Infrastructure and Delivery
T9	Facilities for Cyclists and Pedestrians	ESBAAP Policy 11	Walking and Cycling in Earl Shilton Urban Extension
		ESBAAP Policy 17	Walking and Cycling in Barwell Urban Extension

Existing Local Plan Policy (2001)		Replacement Policy in the Earl Shilton & Barwell Area Action Plan (2006 - 2026)	
RETAIL 8	Change from Retail Use Within Local Centres	ESBAAP Policy 26	Vitalising District, Local and Neighbourhood Centres
RETAIL 9	Proposed Local Shopping Centres	ESBAAP Policy 9	Neighbourhood Centre in Earl Shilton Urban Extension
RETAIL 11	Small Local Shops	ESBAAP Policy 15	Neighbourhood Centre in Barwell Urban Extension
		ESBAAP Policy 22	Development and Design
RETAIL 12	Use of Upper Floors	ESBAAP Policy 26	Vitalising District, Local and Neighbourhood Centres
RETAIL 13	Conversion of Shops to Residential Use	ESBAAP Policy 26	Vitalising District, Local and Neighbourhood Centres
CF2A	Development on Allocated Educational Sites	ESBAAP Policy 24	Safeguarding Community Facilities
CF2B	Alternative Uses of Existing Educational and Community	ESBAAP Policy 24	Safeguarding Community Facilities
CF5	Cemetery Extensions and New Crematoria in the Urban Area	Part a	Implemented
		ESBAAP Policy 25 (Part b)	Safeguarding Open Space and Recreational Facilities
		Part c	Undeliverable
CF8	Residential Care and Nursing Homes	ESBAAP Policy 22	Development and Design

Appendix 1: Proposed Revised Earl Shilton and Barwell Area Action Plan - Infrastructure Schedule

For the avoidance of doubt, this table identifies the amounts and kinds of developer contributions that service providers have indicated they want the developers to deliver. It does not necessarily present the amounts of developer contributions the Borough Council accepts service providers are entitled to secure, nor does it necessarily present what kinds and amount of contributions developers will be required to deliver.

	Cost Estimate (£)	Cost Estimate Barwell (£)	Cost Estimate Earl Shilton (£)	Key Stakeholders and Delivery Partners	Indicative phasing	Additional Comments
<b>Education</b>						
New Barwell SUE Primary School	5,350,000	5,350,000	N/A	Barwell SUE; Leicestershire County Council.	2017	Based on 2015 pupil forecast. Applicants will be required to liaise with HBBC and LCC on the current position in relation to capacity at local schools and appropriate cost multipliers for pupil places in the preparation of S106 agreements.
Capacity improvements to existing Barwell Primary Schools	1,318,792	1,318,792	N/A	Barwell SUE; Leicestershire County Council.	2020	
New Earl Shilton SUE Primary School	5,350,000	N/A	5,350,000	Earl Shilton SUE; Leicestershire County Council.	2016	
Capacity improvements to existing Secondary and Upper Schools	4,796,210	2,877,726	1,918,484	Barwell SUE; Earl Shilton SUE; Leicestershire County Council.	2016	
<b>Health Facilities</b>						
Barwell SUE GP Surgery requirements (At new Surgery within Village Centre or within SUE)	1,778,400	1,778,400	N/A	Barwell SUE; PCT	2015-2016	Final costs will be subject to the final housing mix.
New Barwell GP Surgery	2,134,080	2,134,080	N/A	PCT.	2015-2016	
Earl Shilton GP Surgery (Heath Lane)	975,744	N/A	975,744	Earl Shilton SUE; PCT.	2018	
<b>Play and Open Space</b>						
Provision of play and open space with Barwell SUE	2,469,349	2,469,349	N/A	Barwell SUE; HBBC.	2015-2022	Costs are based on estimates to meet the requirements of the development frameworks. Exact costings to be determined at the planning application stage once the detailed POS provision and mix has been calculated.
Barwell SUE POS maintenance	3,709,560	3,709,560	N/A	Barwell SUE; HBBC; Barwell Parish Council.	2015-2026	Actual maintenance contributions will be calculated against schemes for which planning approval is sought.
Barwell SUE - Pavilion	500,000	500,000	N/A	Barwell SUE; HBBC; Barwell Parish Council.	2020	Estimated costings informed by Sport England's Insured Facilities Fund calculations. Exact costings will be dependent upon the final mix of sports pitches proposed.
Provision of play and open space within Earl Shilton SUE	1,652,142	N/A	1,652,142	Earl Shilton SUE; HBBC.	2015-2022	Costs are based on estimates to meet the requirements of the development frameworks. Exact costings to be determined at the planning application stage once the detailed POS provision and mix has been calculated.
Earl Shilton SUE POS maintenance	2,285,400	N/A	2,285,400	Earl Shilton SUE; HBBC; Earl Shilton Town Council.	2015-2026	Actual maintenance contributions will be calculated against schemes for which planning approval is sought.
Earl Shilton SUE - Pavilion	500,000	N/A	500,000	Earl Shilton SUE; HBBC; Earl Shilton Town Council.	2020	Estimated costings informed by Sport England's Insured Facilities Fund calculations. Exact costings will be dependent upon the final mix of sports pitches proposed.
<b>Sport and Leisure Facilities (Indoor)</b>						
Indoor Leisure Facilities to serve the Borough	9,000,000	459,063	327,954	Barwell SUE; Earl Shilton SUE; HBBC.	2015-2023	Final contributions to be sought could vary dependent on the final housing mix proposed.
<b>Libraries</b>						
Barwell Library	83,275	83,275	N/A	Barwell SUE; Leicestershire County Council	2015-2023	Final contributions to be sought could vary dependent on the final housing mix proposed.
Earl Shilton Library	53,296	N/A	53,296	Earl Shilton SUE; Leicestershire County Council	2015-2023	
<b>Civic Amenity Site</b>						
Capacity improvements at Barwell Recycling and Household Waste Site	192,905	117,625	75,280	Barwell SUE; Earl Shilton SUE; HBBC; Leicestershire County Council.	2014-2022	Final contributions to be sought could vary dependent on the final number of dwellings and the cost multiplier for Leicestershire Civic Amenity contributions rates for the Barwell CA site.
<b>Community Facilities</b>						

Barwell Community Buildings (on-site)	1,102,045	1,102,045	N/A	Barwell SUE; Barwell Parish Council; HBBC	2018	Final costs will be determined by the amount of final housing units and whether facilities are to be provided on-site and/or improvements are to be made to existing facilities.
Earl Shilton Community Buildings (on-site)	705,035	N/A	705,035	Earl Shilton SUE Earl Shilton Town Council; Earl Shilton Town Centre Partnership; HBBC	2018	
<b>Public Realm</b>						
Barwell District Centre Improvements	1,005,000	1,005,000	N/A	Barwell SUE; Barwell Parish Council	2015-2016	Costings will be finalised once detailed designs are known. Could include the use of developer contributions and other funding sources such as New Homes Bonus.
Earl Shilton District Centre Improvements	1,100,000	N/A	1,100,000	Earl Shilton SUE; Earl Shilton Town Council; Earl Shilton Town Centre Partnership	2015-2022	
<b>Community Safety</b>						
Start up Equipment	141,096	87,479	53,617	Barwell SUE;	2015-2024	Infrastructure items and costings subject to further consideration at the detailed planning application through the negotiation of SUE agreements.
Vehicles	88,614	54,940	33,674	Earl Shilton SUE;	2015-2024	
Additional Radio Capacity	8,505	5,273	3,232	Earl Shilton SUE;	2015-2024	
Police National Database Capacity	4,455	2,768	1,687	Leicestershire Police.	2015-2024	
Additional Phone Handling	9,760	6,051	3,709		2015-2024	
Automated Number Plate Recognition	24,666	16,444	8,222		2015-2024	
Mobile CCTV Deployment	4,500	3,000	1,500		2015-2024	
Additional Premises	1,005,840	623,620	382,220		2015-2024	
Crime Prevention Measures	4,050	2,511	1,539		2015-2024	
<b>Transport</b>						
Improvements to A5 (Longshoot and Dodwells)	2,720,000	1,632,000	1,088,000	Barwell SUE; Earl Shilton SUE; Leicestershire County Council;	2016-2017	Estimated capital cost of schemes at 2012 prices. Detailed designs and costs of schemes to be determined during the negotiations of SUE agreements.
Improvements to Normandy Way / Ashby Road Traffic Signal Controlled Junction	390,000	195,000	195,000	Highways Agency;	2015-2016	
Improvements to Desford Crossroads	605,000	N/A	605,000	Barwell SUE Earl Shilton SUE (and developer contributions from development in adjacent District - total indicative cost of scheme 1,210,000)	2015-2016	
Improvements to Ashby Road / Stapleton Lane to incorporate traffic signal control	500,000	500,000	N/A	Barwell SUE	2015	
Improvements to Ashby Road / Rogues Lane Junction	500,000	500,000	N/A	Barwell SUE	2015	
Improvements to Rugby Road / Brookside Junction	300,000	180,000	120,000	Barwell SUE; Earl Shilton SUE	2015-2016	
Links to existing urban area for buses (particularly the Railway Station) walking, cycling and local traffic	1,200,000	720,000	480,000	Barwell SUE; Earl Shilton SUE	2015-2020	
Improvements to A47 Hinckley Northern Perimeter Road and Earl Shilton by-pass. This will include at least junction improvements, including bus priority, measures as required but may also include some widening of the route.	2,000,000	1,200,000	800,000	Barwell SUE; Earl Shilton SUE	2015-2020	
Improvements on linkages to Hinckley Town Centre including alterations to signal operation at Leicester Road / New Buildings junction	200,000	120,000	80,000	Barwell SUE; Earl Shilton SUE	2015-2020	
New Public Transport linkages from new developments to Earl Shilton and Barwell and improved public transport linkages between Barwell, Earl Shilton, Hinckley Town Centre and HNPB employment areas (to provide 10 minute local service and real time information at interconnecting bus stop links for Hinckley and Leicester)	2,000,000	1,000,000	1,000,000	Barwell SUE; Earl Shilton SUE	2015-2020	
New pedestrian and cycle linkages from the urban extensions into Barwell and Earl Shilton	300,000	150,000	150,000	Barwell SUE; Earl Shilton SUE	2015-2020	
Traffic calming measures in Barwell and Earl Shilton; traffic calming and traffic management measures along The Common and routes through Earl Shilton and Barwell	500,000	250,000	250,000	Barwell SUE; Earl Shilton SUE	2015-2020	
Improvements to A447 Ashby Road to facilitate introduction of bus priority measures	1,000,000	1,000,000	N/A	Barwell SUE	2015-2020	
<b>Affordable Housing</b>						
Potential developer contribution towards affordable housing in lieu of half of the on-site policy requirement of 20% affordable housing. (Core Strategy Policy 15)	20,345,543	12,405,819	7,939,724	Barwell SUE; Earl Shilton SUE HBBC	2015-2026	Estimated committed sum based on HBBC. Affordable Housing SPD should off-site contributions be negotiated at the planning application stage under the provisions of CS Policy 15: Affordable Housing.

Total 79,913,262 43,559,820 28,140,459

## EARL SHILTON AND BARWELL AAP – SCHEDULE OF ADDITIONAL MODIFICATIONS

### MAY 2014

The following schedule sets out the Borough Council's 'Additional Modifications' to the Pre-submission Earl Shilton & Barwell Area Action Plan (AAP 01) since the submission of the document to the Planning Inspectorate in December 2013.

The Additional Modifications are those changes which the Borough Council is entitled to make as they do not affect the 'soundness' of the AAP. The Additional Modifications include factual corrections, changes received in response to the AAP and consequential changes resulting from the Inspector's Main Modifications

Where the Borough Council proposes additional wording to the Pre-submission AAP, **bold underline** has been used. Deleted text is shown using ~~strikethrough~~.

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM1	Para.1.10 / 4.11	Consultation respondent questioned whether paragraph 1.10 should make reference to Nuneaton & Bedworth BC and WCC and the work with the A5 Strategy Partnership and its Action Plan.	<p>The Borough Council propose the following addition to the end of paragraph 4.11 to clarify the relationship with adjacent authorities and consideration of relevant strategic development proposals on the Strategic Transport Network:</p> <p><b><u>“The Borough Council continues to work with adjacent authorities such as Warwickshire County Council, notably through the A5 Strategy Partnership, to consider the cumulative impacts upon the Strategic Road Network.”</u></b></p>
AM2	2.10 and 2.11	Move under sub-heading ‘Other Strategies’.	<p>For clarity to separate Local Plan documents from other Borough Council Plans and Strategies.</p> <p>Change to:</p>
AM3	2.12	Delete last sentence “These are summarised in Appendix 6”. Replace with reference to Appendix A2 of the Sustainability Appraisal as a footnote.	<p>“...to ensure that the Area Action Plan takes into account the Spatial implications of relevant documents. These are summarised in Appendix 6.”</p> <p>The following footnote to be inserted after “relevant documents”: <b>“Please see Appendix 2</b></p>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification <u>of the Sustainability Appraisal (July 2013).</u>
AM4	Spatial Objective 2	A consultation respondent stated that this section does not say anything about community safety, crime or the fear of crime. An example Strategic Objective was provided: "to improve community safety and reduce crime and the fear of crime and anti-social behaviour".	Leicestershire Police representatives formed part of the Earl Shilton and Barwell Forward Group that was set up as part of the SUE Masterplanning process. The spatial objectives were agreed through this process. Notwithstanding this, the Council is proposing a minor amendment to Spatial Objective 2 to acknowledge the work that has been undertaken to plan for a healthy and safe environment.  A minor addition is proposed to Spatial Objective 2 "...provide an inclusive, attractive, and vibrant, <b>healthy and safe</b> environment..."
AM5	Figure 3: Proposals Map	In reference to the conservation areas on Figure 3 proposals map, a respondent questioned where they are; and What they are proposed to be.	For clarity the Council will annotate the Policies Map to reference the Conservation Areas (and all allocations) as provided in Appendix 1 below.
AM6	Para.4.15	A respondent suggested the following change to reflect the importance of modal choice:  "To establish the maximum opportunity for sustainable travel choices to be made early in	Change proposed as submitted by the respondent.

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM7	Para.4.17	<p>the development of the SUE and to provide <b>good</b> accessibility to these <del>without the use of a ear</del> <b>and from the development</b>, it is important that the AAP includes a public transport strategy (PTS)..."</p> <p>Suggest the following changes to the paragraph bullet points 1-3 to illustrate the links that will be required in the future as bus services can change over time. Suggest that both SUEs have access to both Leicester and Nuneaton.</p> <ul style="list-style-type: none"> <li>• <del>The diversion of Bus Service No.158 through the Earl Shilton SUE</del> <b><u>Provision of a Bus Service through the Earl Shilton SUE; providing equivalent links to that which the current No. 158 operates.</u></b></li> <li>• <del>The diversion of Bus Service No.48 through the Barwell SUE</del> <b><u>The provision of a Bus Service through the Barwell SUE; providing equivalent links to that which the current No. 48 operates.</u></b></li> <li>• The extension of bus services 81 and 82 <b><u>(equivalent to that of current route 81/82)</u></b> to provide linkages between the two SUEs and the existing settlements. The two routes would penetrate both SUEs and connect to</li> </ul>	Change proposed as submitted by the respondent.



Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM8	Para. 4.32	Complimentary, not complimentary.	Spelling Correction.
AM9	Para.5.5 (5 <sup>th</sup> bullet point)	'Access to the development' does not mention access from Astley Road – reference to this access needs to be included in this section.	Accepted. The Borough Council proposes the following change to paragraph 5.5, 5 <sup>th</sup> bullet point:  “...Fox Meadows development; <del>and</del> a new junction to be created at Mill Lane; <b><u>and a new access to Astley Road;</u></b> ”
AM10	Para. 5.11	Principal, not principle.	Spelling correction.
AM11	Policy 9	Complimentary, not complimentary.	Spelling correction.
AM12	Policy 14	A respondent states that policy 14 should be amended to make reference to the need to protect the setting of Barwell House Farm.  The following wording is suggested to follow the last sentence in the policy:  “The protection of the setting of heritage assets at Barwell House Farm is also required, through detailed design of the site and the landscape buffer.”	The Council notes the concern and proposes the following wording:  In addition a landscape buffer is required to protect the amenity of existing residential development on the northern side of Hinckley Road <b><u>and the setting of the heritage assets at Barwell House Farm,</u></b> as indicated on the development framework.

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM13	Policy 15	Complementary, not complimentary.	Spelling Correction.
AM14	Para.7.9	Clarification.	For clarity, revise the first sentence insert "...has a total of 89 <b>retail</b> units..."
AM15	Para.8.6	Respondent stated that reference should be included to the 6Cs design guide (6CsDG).	The following modification is proposed to the final sentence of paragraph 8.6 to reflect the need to consider local and national design guidance including that from Leicestershire County Council:  “ ... The Council will also take account of relevant <b>local and</b> national guidance on design, including Manual for Streets and Building for Life”.
AM16	Policy 22	It is requested that some mention of the need to secure by design / appropriate design guidance should be included in the AAP.  Reference is made to para.58 of the NPPF regarding community safety and design.  It is also stated that Policy 22 is absent on this matter.	The Council propose the following addition to Policy 22:  <b><u>“L) The applicant has demonstrated consideration to community safety through designing out crime”.</u></b>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM17	Para.10.5	Insert Table Reference for clarity.	<b>Table 2: Earl Shilton and Barwell AAP Infrastructure Schedule</b>
AM18	Appendix 2	Residential Streets – please replace ‘Highways, Transportation and Development (August 2010)’ with ‘the 6Cs Design Guide’.	<p>The following modification to Appendix 2 (Earl Shilton and Barwell) is proposed:</p> <p><b>Residential Streets</b></p> <p>“The design of residential streets should accord to <b>the latest design</b> guidance from Leicestershire County Council Highways, Transportation and Development (August 2010).”</p>
AM19	Appendix 2	A respondent commented that it would be helpful if this document was paginated and/or the sections numbered in some way.	Paragraph numbering to be added in adoption version.
AM20	Appendix 2	A respondent suggested that under Primary access and Circulation: “... Bus stops <b>and shelters where appropriate</b> should be provided in the Local Centre”	<p>The Council propose the following change under ‘Primary Access and Circulation’ for Earl Shilton &amp; Barwell to allow for consideration of the provision of bus shelters at the detailed planning application stage:</p> <p>“... Bus stops, <b>including shelters where appropriate</b>, should be provided in the Local Centre”.</p>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM21	N/A	The list of allocations as provided in Appendix 1 below will be included as Appendix 6 in the AAP.	To support change number AM5, the Borough Council propose to include the list of allocations referred to on the revised Policies Map.
AM22a	Contents – Figures and Numbers	<b>AM 22a – 22i</b>	<del>Figure 3: Area Action Plan Preposals Map</del>
AM22b	Policy 1 (last sentence)	The Borough Council proposes to change all references to the 'proposals map', Figure 3 in the Pre-submission AAP (AAP 01), to 'policies map' to clarify that Figure 3 of the AAP is the submission policies map as required by Regulation 22(1)(b) of the Town and Country Planning (Local Planning) (England) Regulations 2012. Figure 3 is to be deleted as proposed in Main Modification 11 (MM1).	The Earl Shilton and Barwell SUE boundaries are defined on the <del>Preposals Policies</del> Map ( <del>Figure 3</del> ).
AM22d	Paragraph 4.33 (first sentence)		...allotments and recreation sites are identified on the <del>preposals Policies</del> map.
AM22e	Policy 18 (first sentence)		Land is allocated on the <del>Preposals Policies</del> Map...
AM22f	Paragraph 8.1 (last sentence)		...outside the areas defined on the <del>preposals Policies</del> map for the development...
AM22g	Policy 23 (first sentence)		Existing employment sites are identified on the <del>preposals Policies</del> map...
AM22h	Policy 26 4 <sup>th</sup> paragraph, first sentence		The boundaries of the centres are defined on the <del>preposals Policies</del> map.
AM22i	Appendix 5 first paragraph, first sentence		...the following sites and their categories are identified on the <del>Preposals Policies</del> Map.

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM23	Paragraph 5.5 (last sentence.	To recognise the flexible policy position that some features could vary and / or be delivered in the existing settlement centres.	“Principal features of the development <del>will</del> <b><u>are expected to be.</u></b> ”
AM24	Paragraph 5.5 (1st bullet point)	To ensure consistency with the Core Strategy notably Policies 2, 3 & 16, acknowledging that local circumstances could change over time so as not to inhibit the development achieving a mix of house types and tenures to reflect current and future requirements.	“Provision of a range of houses to meet <del>objectively-assessed-needs</del> <b><u>the requirements</u></b> in line with the Hinckley and Bosworth Core Strategy.”
AM25	Paragraph 5.5 (5 <sup>th</sup> bullet point)	The proposed change is for clarity and consistency to similar references made elsewhere throughout the AAP.	“Access to the development from the A47 via the existing Fox Meadows development <b><u>via Masefield Drive</u></b> and a new junction to be created at <b><u>immediately to the south of Mill Lane.</u></b> ”
AM26	Policy 9: Neighbourhood Centre in Earl Shilton Urban Extension (3 <sup>rd</sup> bullet point)	The change acknowledges that the provision of community and recreational facilities could be provided on-site through new facilities or off-site through enhancing existing facilities or a combination of both, dependant on exploring how best such provision should be delivered. The proposed change allows for the developer to make the necessary developer contribution towards off-site provision rather than specifying on-site provision only and is consistent with the approach set out in paragraph 4.23 and Policy 2	“Community and Recreational facilities <b><u>(if appropriate and / or equivalent developer contributions towards improving the quality of or increasing capacity at existing facilities);</u></b> and”

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM27	Policy 10: General Highways Provision for Earl Shilton Urban Extension (1 <sup>st</sup> bullet point)	The proposed changes are for clarity and consistency to similar references made elsewhere throughout the AAP.	“A new access point to the former <b><u>south of</u></b> Mill Lane junction and the use of improved access through Fox Meadows <b><u>utilising Maselfield Drive.</u></b> ”
AM28	Paragraph 5.36	The proposed change is for clarity and consistency to similar references made elsewhere throughout the AAP.	“The proposed northern access to Clickers Way is located at <b><u>immediately south of</u></b> Mill Lane. at the point adjacent to where the eastern section of Mill Lane joins the bypass.”

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM29	Policy 15: Neighbourhood Centre in Barwell Urban Extension	The change acknowledges that the provision of community and recreational facilities could be provided on through new facilities or on-site through enhancing existing facilities or a combination of both, dependant on exploring how best such provision should be delivered. The proposed change allows for the developer to make the necessary developer contribution towards off-site provision rather than specifying on-site provision only and is consistent with the approach set out in paragraph 4.23 and Policy 2 of the AAP.	“Community and Recreational facilities <u>(if appropriate and / or equivalent developer contributions towards improving the quality of or increasing capacity at existing facilities),”</u>
AM30	Paragraphs 4.15 – 4.17	To revise the references made to the Public Transport Strategy to Bus Strategy for clarity as reflected in section 4 of EB16 and discussed further under Main Matter 4.	4.15: To establish the maximum opportunity for sustainable travel choices to be made early in the development of the SUE and to provide <b>good</b> accessibility to these without the use of a car <b>and from the development</b> , it is important that the AAP includes a public transport strategy (PTS) which provides a framework against which future bus services are provided at the appropriate times for the development of both SUEs. <b>a bus-based public transport strategy has been defined and agreed with Leicestershire County Council (LCC) that focuses on strengthening and enhancing existing service patterns that provides widespread availability to bus travel throughout</b>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
			<p><u>the SUEs.</u></p> <p>4.16: The Borough Council has worked closely with Leicestershire County Council <u>LCC</u> and bus operators to develop a <u>public transport bus</u> strategy which achieves good accessibility and connectivity with the proposed housing, employment areas and facilities within the Earl Shilton and Barwell settlement centres whilst also being commercially viable in the long term. The two Councils have focussed on examining the scope for the diversion or extension of existing public transport services considering bus service origin, destination information and journey to work Census data.</p> <p>4.17: The <u>PTS bus strategy</u> for Earl Shilton and <u>Barwell</u> has been informed through development of the masterplan and further testing through the <u>is described in section 4 of the Strategic Transport Assessment</u>. The <u>PTS bus strategy</u> identifies public transport opportunities specific to Earl Shilton and Barwell SUEs that have the potential to support both developments <u>and it</u> .<del>The public transport strategy</del> requires the consideration of the following through Transport Assessments associated with planning applications for SUE development:</p>



Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM31	Paragraphs 5.19 and 6.17	<p>As proposed in the 'Points for Clarification' in response to Point 9.</p> <p>To clarify that that Development Frameworks for Earl Shilton and Barwell will 'make provision' for an area within the respective Neighbourhood Centres.</p>	<p>Paragraph 5.19  <b><u>"The Development Framework makes provision for approximately 2.5ha of land is allocated for the Neighbourhood Centre..."</u></b></p> <p>Paragraph 6.17  <b><u>"The Development Framework allocates makes provision for approximately 3ha of land to for the Neighbourhood Centre..."</u></b></p>
AM32	Paragraph 8.1	<p>As proposed in the examination 'Points for Clarification' (IN05a) in response to Point 12.</p> <p>The Borough Council consider that the wording presented in the last sentence of paragraph 8.1 is not explicit in making reference to the existing settlements only and not areas beyond the settlement boundary. To clarify the area that the policies relate, the Borough Council propose the following change.</p>	<p>"The purpose of this section is to set out details of <b><u>the</u></b> preferred approach to development management within the <b><u>settlement boundary</u></b> of Earl Shilton and Barwell, outside of <b><u>excluding</u></b> the areas <b><u>SUEs</u></b> defined on the <b><u>proposes Policies</u></b> Map for the development of sustainable urban extension."</p>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM33	Paragraph 8.11	<p>As a result of the discussions during the hearing sessions discussing the Inspector's 'points for Clarification' (IN 05) of the Examination of the Earl Shilton and Barwell Area Action Plan, the Borough Council proposes to supersede the proposed change presented in EX 01 Version 2 dated 24 March 2014 and in response to Point 16 in the 'Points for Clarification' (IN 05a).</p> <p>The purpose of the change is to clarify that some amenity green space relevant to the Plan area may overlap or adjoin the settlement boundary as presented on the Policies Map.</p>	<p>"Further to the provision of new green spaces and green infrastructure identified on the Development Frameworks for SUEs, a number of existing locations outside of the AAP boundaries <b><u>overlap or adjoin the settlement boundary, as presented on the Policies Map, but</u></b> are recognised as providing amenity green space to the residents of Earl Shilton and Barwell."</p>
AM34	Paragraph 9.2	<p>As proposed in the 'Points for Clarification' in response to Point 17.</p> <p>To remove the web link in case it becomes obsolete over the life of the Plan.</p>	<p>"The full list can be viewed on the Hinckley and Bosworth Borough Council website. <del>via the following link:</del>  <a href="http://www.hinckley-bosworth.gov.uk/downloads/608/development_entref">http://www.hinckley-bosworth.gov.uk/downloads/608/development_entref</a>"</p>
AM35	Sub-heading 'Public Transport', page 18.	<p>To provide clarification of the overarching strategy for public transport as explained in paragraphs 4.15 – 4.18.</p>	<p>"Public Transport <b><u>Strategy</u></b>"</p>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM36	Paragraph 6.16	The Borough Council propose the following revision to paragraph 6.16 (and new paragraph 6.17) to clarify the preferred approach towards the provision of new a new health centre in Barwell.	<p>6.16 The Neighbourhood Centre will provide a new primary school, retail provision and recreational facilities in accordance with Policy 2 of the Core Strategy. Retail provision shall remain limited to ensure the viability and retail attractiveness of the district centre is not compromised. However, it would also be desirable to include a public house or equivalent. Nursery provision may also be appropriate if a need was identified.</p> <p><b><u>6.17 The preferred option for the Barwell Health Centre is to find a new site within or close to Barwell District Centre that can serve both existing patients and future residents of the SUE. If the preferred option does not come forward, alternative health centre provision would be required within the SUE Neighbourhood Centre if an appropriate site for the new health centre cannot be secured in or close to Barwell District Centre. The Infrastructure Schedule (section 10) includes indicative costs for:</u></b></p>

Additional Modification No.	Policy / Paragraph	Comment / suggested change	Proposed Additional Modification
AM37	Paragraph 5.13	Correction.	<ul style="list-style-type: none"> <li>• <u>the provision of a new health centre in Barwell Centre to serve the existing population; and,</u></li> </ul> <p><del>Indicative requirements for the provision of additional <b>health centre</b> infrastructure to support the population of the SUE are included in the Infrastructure Plan (Section 10).</del></p> <p>“The <del>site</del> <b>study</b> identified that the maximum amount of employment land to be included should...”</p>

## Appendix 1: List of Earl Shilton and Barwell Site Allocations

<b>Barwell Site Allocations</b>			
Reference	Location	Designation	Policy
<b>Employment</b>			
BRW01	Mill Street Industrial Estate	Employment Site	Policy 23
BRW02	Land fronting High Street	Employment Site	Policy 23
BRW03	Factory off the Barracks	Employment Site	Policy 23
BRW04	Works off Bank Terrace (South)	Employment Site	Policy 23
BRW05	Works off Bank Terrace (North)	Employment Site	Policy 23
BRW06	Works south of Stapleton Lane	Employment Site	Policy 23
BRW07	Works off Friswell Lane	Employment Site	Policy 23
BRW08	Workshop units, Arthur Street	Employment Site	Policy 23
BRW09	Konfidence Works, Arthur Street	Employment Site	Policy 23
BRW10	Factory, Arthur Street	Employment Site	Policy 23
BRW11	Barwell Business Centre, Kingsfield Road	Employment Site	Policy 23
BRW12	Barton Building, King Street	Employment Site	Policy 23
BRW13	Workshop units, George Street	Employment Site	Policy 23
BRW14	Works, west of Hill Street	Employment Site	Policy 23
BRW15	Factories on Dawson's Lane	Employment Site	Policy 23
<b>Community</b>			
BRW16	Village Hall, High Street	Community Facility	Policy 24
BRW17	Barwell Medical Centre, Jersey Way	Community Facility	Policy 24
BRW18	Barwell Church of England Junior Primary School, High Street	Community Facility	Policy 24
BRW19	George Ward Centre (including Library), Church Lane	Community Facility	Policy 24
BRW20	Barwell Methodist Church, Chapel Street	Community Facility	Policy 24
BRW21	Barwell Infant Primary School, Townend Road	Community Facility	Policy 24
BRW22	Barwell Community House, 43 Bradgate	Community Facility	Policy 24

	Road		
BRW23	Jubilee House, Moore Road	Community Facility	Policy 24
BRW24	St Christopher's Church Hall, 22 Moore Road	Community Facility	Policy 24
BRW25	Newlands Community Primary School, Moore Road	Community Facility	Policy 24
<b>Open Space</b>			
BRW26	Crabtree Road	Children's Play Space	Policy 25
BRW27	Charleston Crescent Amenity Green Space	Amenity Green Space	Policy 25
BRW28	Boston Way Recreational Ground	Amenity Green Space/ Children's Play Space	Policy 25
BRW29	Fairacre Road Amenity Green Space	Amenity Green Space	Policy 25
BRW30	Russett Close Amenity Green Space	Amenity Green Space	Policy 25
BRW31	Barwell Park	Formal Park/Children's Play Space/Young Persons Facilities	Policy 25
BRW32	St Mary's Churchyard, Church Lane	Cemeteries and Churchyards	Policy 25
BRW33	Barwell Church of England Junior School Playing Field, High Street	Outdoor Sports Facility	Policy 25
BRW34	The Common Recreational Ground	Formal Park/Children's Play Space	Policy 25
BRW35	Stapleton Lane Flood Retention Basin	Amenity Green Space	Policy 25
BRW36	Kirkby Road Cemetery	Cemeteries and Churchyards	Policy 25
BRW37	Kirkby Road Recreational Ground	Formal Park/Children's Play Space/Young Persons Facilities	Policy 25
BRW38	Kirkby Road Allotments	Allotments	Policy 25
BRW39	Barwell Sports and Social Club, Kirkby Road	Outdoor Sports Facility	Policy 25
BRW40	Willow Tree Close Amenity Green Space	Amenity Green Space	Policy 25
BRW41	Elwell Avenue Flood Retention Basin	Amenity Green Space	Policy 25
BRW42	Saffron Close Amenity Green Space	Amenity Green Space	Policy 25
BRW43	Radford Park	Formal Park/Children's Play Space/Young Persons Facilities	Policy 25

BRW44	Newlands Primary School Playing Field, Moore Road	Outdoor Sports Facility	Policy 25
BRW45	Newlands Road Amenity Green Space	Amenity Green Space	Policy 25
BRW46	Hastings Drive Amenity Green Space	Amenity Green Space	Policy 25
BRW47	Dawson's Lane Allotments	Allotments	Policy 25
<b>Retail</b>			
BRW48D	High Street and Chapel Street	District Centre	Policy 26
<b>Earl Shilton Site Allocations</b>			
<b>Reference</b>	<b>Location</b>	<b>Designation</b>	<b>Policy</b>
<b>Employment</b>			
EAR01	Warwick Building, Rossendale Road	Employment Site	Policy 23
EAR02	Factory on Rossendale Road	Employment Site	Policy 23
EAR03	Telephone Exchange, Rossendale Road	Employment Site	Policy 23
EAR04	Gamma House, New Street	Employment Site	Policy 23
EAR05	Churchill Works, Highfield Street	Employment Site	Policy 23
EAR06	Factory units, Wood Street	Employment Site	Policy 23
EAR07	Oaks Industrial Estate, Station Road	Employment Site	Policy 23
EAR08	Factory on West Street	Employment Site	Policy 23
EAR09	Works, south of West Street	Employment Site	Policy 23
EAR10	Workshop units, High Street	Employment Site	Policy 23
EAR11	Factory on Keats Lane	Employment Site	Policy 23
EAR12	Factory, west of Hill Top	Employment Site	Policy 23
EAR13	Factory on Church Street	Employment Site	Policy 23
<b>Community</b>			
EAR14	William Bradford Community College, Heath Lane	Community Facility	Policy 24
EAR15	Heathfield High School, Belle Vue Road	Community Facility	Policy 24
EAR16	Heath Lane Doctors Surgery	Community Facility	Policy 24
EAR17	Age Concern Senior Citizens Centre, Kings Walk	Community Facility	Policy 24

EAR18	Earl Shilton Methodist Church and Hall (including Library), Wood Street	Community Facility	Policy 24
EAR19	Earl Shilton Institute, Station Road	Community Facility	Policy 24
EAR20	Townlands Primary School, Meadowcourt Road	Community Facility	Policy 24
EAR21	Earl Shilton Community House, Peggs Close	Community Facility	Policy 24
EAR22	Weavers Close Primary School, Alexander Avenue	Community Facility	Policy 24
EAR23	Saint Peter's Catholic Primary School, Mill Lane	Community Facility	Policy 24
<b>Open Space</b>			
EAR24	William Bradford Community College Playing Field, Heath Lane	Outdoor Sports Facility	Policy 25
EAR25	Heathfield High School Playing Field, Belle Vue Road	Outdoor Sports Facility	Policy 25
EAR26	Heath Court Amenity Green Space	Amenity Green Space	Policy 25
EAR27	Oakdale Road Amenity Green Space	Amenity Green Space	Policy 25
EAR28	Maple Way Recreation Ground	Amenity Green Space/ Children's Play Space/Young Persons Facilities	Policy 25
EAR29	Stoneycroft Sports and Social Club, New Street	Outdoor Sports Facility	Policy 25
EAR30	Jubilee Drive Play Area	Amenity Green Space/ Children's Play Space	Policy 25
EAR31	Breach Lane Allotments	Allotments	Policy 25
EAR32	Keats Lane Allotments	Allotments	Policy 25
EAR33	Earl Shilton Cricket Club, Keats Lane	Outdoor Sports Facility	Policy 25
EAR34	Kingscroft Bowling Club, Kings Walk	Outdoor Sports Facility	Policy 25
EAR35	Wood Street Community Park	Formal Park/Children's Play Space/Young Persons Facilities	Policy 25
EAR36	Carrs Road Amenity Green Space	Amenity Green Space	Policy 25
EAR37	United Reform Church	Allotments/Cemeteries	Policy 25



	Allotments and Churchyard, High Street	and Churchyards	
EAR38	Borrowdale Close Amenity Green Space	Amenity Green Space	Policy 25
EAR39	Peggs Close Amenity Green Space	Amenity Green Space	Policy 25
EAR40	Northleigh Way Amenity Green Space	Amenity Green Space	Policy 25
EAR41	Astley Road Amenity Green Space	Amenity Green Space	Policy 25
EAR42	Weavers Close Church of England Primary School Playing Field, Alexander Avenue	Outdoor Sports Facility	Policy 25
EAR43	Townlands Primary School Playing Field, Meadowcourt Road	Outdoor Sports Facility	Policy 25
EAR44	Weavers Springs Recreational Ground	Formal Park/Outdoor Sports Facility	Policy 25
EAR45	Hall Fields	Formal Park	Policy 25
EAR46	St Simon and St Judes Churchyard, Almeys Lane	Cemeteries and Churchyards	Policy 25
EAR47	Earl Shilton Baptist Churchyard	Cemeteries and Churchyards	Policy 25
EAR48	St Peters Roman Catholic Primary School Playing Field, Mill Lane	Outdoor Sports Facility	Policy 25
EAR49	King Richards Hill Amenity Green Space	Amenity Green Space	Policy 25
EAR50	Alexander Avenue Amenity Green Space	Amenity Green Space	Policy 25
EAR51	Mill Lane Cemetery	Cemeteries and Churchyards	Policy 25
<b>Retail</b>			
EAR52L	Belle Vue Road and Moore Road	Local Centre	Policy 26
EAR53D	The Hollow, High Street and Wood Street	District Centre	Policy 26
EAR54N	Middle and Upper High Street	Neighbourhood Centre	Policy 26

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**COUNCIL – 23 SEPTEMBER 2014**

**STATEMENT OF COMMUNITY INVOLVEMENT**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**WARDS AFFECTED: ALL WARDS**

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1. **PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek approval of the findings of the Statement of Community Involvement (SCI) Consultation Statement and resulting modifications to the final Statement of Community Involvement. A copy of the Statement of Community Involvement (September 2014) to be adopted and the Statement of Consultation Responses (September 2014) is available to view by contacting the Planning Policy Team.

2. **RECOMMENDATION**

- 2.1 That Council;

- Review and approve the findings of the Statement of Community Involvement (SCI) Consultation Statement and resulting modifications to the final SCI
- Review and approve the publication of the Statement of Community Involvement to inform plan-making and decision-taking.

3. **BACKGROUND TO THE REPORT**

- 3.1 The Hinckley and Bosworth Statement of Community Involvement (SCI) was originally adopted in November 2006 and sets out how the Borough Council will engage and consult during plan-making and for planning applications.

- 3.2 Since the adoption of the SCI in 2006 there have been a number of significant legislative and regulatory changes which establish the procedures to be followed during plan making and for planning applications. These include items not previously identified in the 2006 SCI such as Neighbourhood Development Plans (NDPs) and the Community Infrastructure Levy (CIL).

- 3.3 The following legislative and regulatory amendments have been reflected in the updated SCI:

- The Localism Act in 2011 which introduced Neighbourhood Development Plans
- The Town and Country Planning (Local Planning) (England) Regulations 2012 which updated how, when and who is to be consulted during Local Plan preparation.
- The Neighbourhood Planning (General) Regulations 2012 introduces the stages of NDP preparation and how, when and who is to be consulted through its preparation.
- The Neighbourhood Planning (Referendums) Regulations 2014 (as amended) introduces the process and stages for NDP referendums which include public notifications and engagement.
- The Community Infrastructure Levy Regulations 2010 (as amended) introduced the charge and establish how, when and who is to be consulted through it preparation.

- The Town and Country Planning (Development Management Procedure) (England) Order 2010 reduces consultation and publicity requirements established in the 2006 SCI.

3.4 The amendments to The Town and Country Planning (Local Planning) (England) Regulations 2012 and The Town and Country Planning (Development Management Procedure) (England) Order 2010 both reduce the consultation requirements placed upon local authorities through plan making and for planning applications.

3.5 These amendments have been reflected within the updated SCI. In addition the updates also remove the requirement for an SCI to be subject to an examination.

#### 4. FINANCIAL IMPLICATIONS (SJE)

4.1 The purpose of this report is to review and endorse the findings of the SCI. As such, there are no financial implications resulting from this report.

#### 5. LEGAL IMPLICATIONS (MR)

5.1 Set out in this report.

#### 6. CORPORATE PLAN IMPLICATIONS

6.1 This is in line with the key corporate objective for regenerating the Borough in particular the SCI contributes to the aim of empowering communities.

#### 7. CONSULTATION

7.1 Consultation was undertaken between August and September 2013 on the update to development management process only within the 2006 SCI, reflecting amendments to The Town and Country Planning (Development Management Procedure) (England) Order 2010 only. Consultation responses received commented that the SCI should be updated in its entirety, reflecting all regulatory changes since 2006.

7.2 The Council has had regard to these findings and has now fully updated the SCI to reflect regulatory changes since 2006.

7.3 The Draft SCI went out to public consultation on 30 June 2014 to 11 August 2014. Twelve representations were received and modifications made to the SCI as a result of these representations. Representations and the Borough Council's responses are available to view within the Statement of Consultation Responses appended to this report.

#### 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
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Risk Description	Mitigating actions	Owner
Failure to adopt the SCI could result in non-compliance with the Planning and Compulsory Purchase Act 2004	Adopt the updated SCI	David Kiernan

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

9.1 The Statement of Community Involvement will continue to provide a framework for how the Borough Council will engage and encourage community participation from communities across the Borough.

10. **CORPORATE IMPLICATIONS**

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

- Community Safety implications – None arising from this report
- Environmental implications – None arising from this report
- ICT implications – None arising from this report
- Asset Management implications – None arising from this report
- Human Resources implications – None arising from this report
- Planning Implications – Contained within the body of the report
- Voluntary Sector – None arising from this report.

Background papers: The Statement of Community Involvement (September 2014)  
Statement of Consultation Responses (September 2014)

Contact Officer: David Kiernan- Planning Policy Officer (X5898)  
Executive Member: Councillor Stuart Bray

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