

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



Hinckley & Bosworth
Borough Council

A Borough to be proud of

TO BE HELD ON
THURSDAY, 19 FEBRUARY 2015
at 6.30 pm

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Council Chamber (De Montfort Suite)

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- *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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Members of the public, members of the press and Councillors are hereby informed that by attending the meeting you may be captured on film. If you have a particular problem with this, please contact us using the above contact details so we can discuss how we may accommodate you at the meeting.



Date: 11 February 2015

Hinckley & Bosworth
Borough Council

A Borough to be proud of

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council in the Council Chamber at these offices on **THURSDAY, 19 FEBRUARY 2015 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 - 6)
To confirm the minutes of the meeting held on 16 December 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. General Fund Budget (Pages 7 - 24)
Report of the Deputy Chief Executive (Corporate Direction).
9. Council Tax Setting (Pages 25 - 30)
Report of the Deputy Chief Executive (Corporate Direction).
10. HRA budget (Pages 31 - 42)
Report of the Deputy Chief Executive (Corporate Direction).
11. Capital Programme (Pages 43 - 60)
Report of the Deputy Chief Executive (Corporate Direction).
12. Treasury Management & Prudential Indicators (Pages 61 - 84)
Report of the Deputy Chief Executive (Corporate Direction).
13. Local Development Scheme Review (Pages 85 - 124)
Report of the Deputy Chief Executive (Community Direction).
14. Scheme of Delegation (Planning) (Pages 125 - 132)
Report of the Monitoring Officer.
15. Scheme of Delegation (Planning Policy) (Pages 133 - 140)
Report of the Monitoring Officer.
16. Review of the Constitution (Pages 141 - 148)
Report of the Monitoring Officer.
17. Calendar of meetings 2015-16 (Pages 149 - 150)

Members are asked to consider and confirm the calendar of meetings for 2015-16 and provisional dates for the first few months of the 2016-17 municipal year.

18. Motions received in accordance with Council Procedure Rules 13.1 and 13.2
 - (a) Motion received from Councillor Gould, seconded by Councillor Hulbert:

“That this Council commits to spend £100 of New Homes Bonus for each home built in the Barwell and Earl Shilton Sustainable Urban Extensions on capital projects in the respective settlements.

 - Specifically this council commits to spending Barwell's £250,000 of this fund (in addition to Section 106 contributions obtained for the purpose) upon a replacement building for the Jubilee Hall, Byron Close, Barwell in consultation with Barwell Parish Council;
 - Capital monies of Earl Shilton's £160,000 be spent on facilities in consultation with Earl Shilton Town Council.”
 - (b) Motion received from Councillor Gould, seconded by Councillor Bill:

“This Council requests that the Chief Executive respond to each and every consultation relating to the Birmingham-Leicester line requesting the opening of

a station at Elmesthorpe to serve the communities of Barwell and Earl Shilton.

Further this Council reaffirms its request to the Chief Executive to also include in his response a request for a twice hourly service for both Elmesthorpe and Hinckley.”

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Agenda Item 2

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

16 DECEMBER 2014 AT 6.30 PM

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

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

Officers in attendance: Steve Atkinson, Bill Cullen, Julie Kenny, Sanjiv Kohli, Rebecca Owen and Sharon Stacey

281 PRAYER

Rev John Whittaker offered Prayer.

282 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Lynch and Sutton.

283 MINUTES OF THE PREVIOUS MEETING

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

RESOLVED – the minutes of the meeting held on 4 November 2014 be confirmed and signed by the Mayor.

284 DECLARATIONS OF INTEREST

The Chief Executive confirmed that members did not need to declare an interest in the HRA Investment Plan (council tenants) and the Members' Allowances (all members) reports.

Councillors Camamile and Bray declared personal interests in the items on Leicestershire County Council Savings Targets and Green Waste Collection Arrangements.

285 MAYOR'S COMMUNICATIONS

The Mayor reported on recent events including his Carol Service.

286 LEADER OF THE COUNCIL'S POSITION STATEMENT

The Leader presented his position statement to Council, including updates on the Crescent development, Leisure Centre, Squash Club and work to secure major investment to improve the A5. He also provided the latest figure from the Government that the authority currently has a housing land supply of 5.25 years. The Leader, echoed by all members, congratulated Jill Stidever from Markfield who had received the Unsung Hero award at the BBC Sports Personality of the Year Awards and asked that she be

invited to a future meeting. The Leader also informed members of the announcement that afternoon of a £1.9m new homes bonus to the Council.

In response to the statement, discussion ensued regarding the City Deals and the recent statistics that more than 30% of schools leavers in Warwickshire had no formal qualifications. In response it was noted that work was being undertaken across the Midlands to address such issues.

287 MINUTES OF THE SCRUTINY COMMISSION

The minutes of the Scrutiny Commission were received for information.

288 PURCHASE OF DWELLINGS UNDER THE HRA INVESTMENT PLAN

Council gave consideration to a report which proposed purchasing four new affordable houses in Newbold Verdon and requested delegated authority for future purchases under the HRA Investment Programme. It was moved by Councillor Mullaney, seconded by Councillor Bray and

RESOLVED –

- (i) The purchase of four dwellings on the site at Dragons Lane, Newbold Verdon for a total purchase price of £409,000 be approved;
- (ii) Authority be delegated to the Deputy Chief Executive (Corporate Direction), the Deputy Chief Executive (Community Direction), the Executive Member for Finance, ICT & Asset Management and the Executive Member for Housing to purchase land for residential property to be utilised for the provision of council housing in accordance with the HRA Investment Programme.

289 IMPACT OF LEICESTERSHIRE COUNTY COUNCIL SAVINGS TARGETS AND COMMISSIONING CHANGES

Council was advised on the impact of Leicestershire County Council's savings targets and commissioning targets on locality based services within Hinckley and Bosworth. Concern was expressed regarding the impact particularly on recycling and children's services. It was moved by Councillor Bray, seconded by Councillor Bill and

RESOLVED –

- (i) The implications for HBBC arising from Leicestershire County Council's savings and commissioning changes, which will be built into the 2015/16 budget, be noted;
- (ii) Leicestershire County Council be advised that this Council wishes to work closely with LCC officers and partners to ensure the impact of the cuts is minimised for residents of Hinckley & Bosworth;
- (iii) Leicestershire County Council be requested to positively engage the borough council in future commissioning arrangements for the locality;

- (iv) The County Council be requested to provide early clarification of further planned cuts and changes in service arrangements impacting on the borough.

290 GREEN WASTE COLLECTION ARRANGEMENTS - CONSULTATION

Council was updated on actions following the decision of the previous meeting to consult on the options for the future provision of green waste collection. It was reported that an increase in planning income had meant that the financial gap as a result of the County Council's withdrawal of recycling credits could be met from balances.

Some members ask if the planning income may be required to support enforcement and appeals, and in response it was noted that this was continually under review. It was moved by Councillor Bray, seconded by Councillor Bill and unanimously

RESOLVED –

- (i) The removal of the need for consultation on charging for green waste due to having identified additional income be agreed;
- (ii) A transfer of £350,000 from General Fund balances to the Waste Management Reserve in 2014/15 be approved;
- (iii) A transfer of £350,000 from the Waste Management Reserve in 2015/16 to fund the forecast budget pressure arising from the withdrawal of green waste recycling credits be approved;
- (iv) It be noted that the transfer can only occur because of one-off savings arising in year as a result of large planning applications and savings in the production of the Area Action Plan and a longer term solution must be sought to fund this budget gap from 2016/17.

291 CORPORATE DIRECTION STRUCTURE

A report was presented to members, which introduced a restructure of the operational management within Corporate Services. Members generally supported the principle of the proposals, but raised minor concerns regarding the extra burden upon other officers due to the loss of expertise following the departure of the Chief Officer (Corporate Governance & Customer Engagement) and the need for the new post to be subject to a three month probation period. It was moved by Councillor Witherford, seconded by Councillor Bray and unanimously

RESOLVED –

- (i) The principles and objectives of the restructure be supported;
- (ii) The continuation of the existing arrangement of two Chief Officers being accountable to the Deputy Chief Executive (Corporate Direction) be noted;
- (iii) The decisions on the final details of the structure, job descriptions and gradings be delegated to the Chief Executive and Deputy Chief Executive (Corporate Direction);
- (iv) The appointment be made to the vacant post in accordance with the requirements of the Constitution.

292 FINANCE & CONTRACT PROCEDURE RULES

Proposed changes to the Finance and Contract Procedure Rules in order to bring them up to date were highlighted to Council. It was moved by Councillor Witherford, seconded by Councillor Bray and unanimously

RESOLVED – the changes to the Finance and Contract Procedure Rules as outlined in the appendix to the report be approved.

293 MEMBERS' ALLOWANCES

Council was presented with the recommendations of the Independent Remuneration Panel on Members' Allowances and the comments of the Scrutiny Commission. Members acknowledged that the allowances for this authority were low in comparison with others and in respect of the hours worked, but felt that this was not a good time to increase allowances, particularly as staff had only received low pay increases. It was moved by Councillor Witherford and seconded by Councillor Bray that the matter be deferred until the Annual Council meeting in May 2015. Upon being put to the vote the motion was CARRIED. A counter-motion proposed by Councillor Bessant and seconded by Councillor Allen that the recommendations within the report be supported and future increases be linked to staff increases was not put to the vote. It was

RESOLVED – consideration of the report of the Independent Remuneration Panel be deferred to Annual Council in May 2015.

294 MEMBERSHIP OF THE PLANNING COMMITTEE

Councillor Batty, seconded by Councillor Allen, proposed that he replace Councillor Sutton as a member of the Planning Committee. Councillor Mayne and seven other councillors proposed that voting on the motion be recorded. The vote was taken as follows:

Councillors Allen, Batty, Bessant, Boothby, Ladkin, Morrell, O'Shea, Richards and Smith voted FOR the motion (9);

Councillors Bill, Bray, Cartwright, Crooks, Mrs Hall, Mr Hall, Hodgkins, Hulbert, Inman, Mayne, Moore, Mullaney, Taylor, Ward and Witherford voted AGAINST the motion (15);

Councillors Bannister, Camamile, Chastney, Cope, Gould, Lay, Nichols and Sprason abstained from voting.

The motion was therefore declared LOST and it was

RESOLVED – there be no change to membership of the Planning Committee.

Councillor Ward left the meeting at 8.20pm.

295 HINCKLEY JCC SCHOOL FOUNDATION - APPOINTMENT OF TRUSTEE

Following the resignation of one of the authority's representatives from Hinckley JCC School Foundation's board of trustees, it was proposed by Councillor Bray and seconded by Councillor Bill that Mrs P Bannister be put forward as trustee. Upon being put to the vote the motion was CARRIED and it was

RESOLVED – Mrs P Bannister be appointed as a representative of this authority on the Hinckley JCC School Foundation.

296 MOTIONS RECEIVED IN ACCORDANCE WITH COUNCIL PROCEDURE RULES 13.1 AND 13.2

Attention was draw to the motion printed on the agenda regarding the closure of village Post Offices in light of the current proposal to move the Post Office in Newbold Verdon into a local shop.

Discussion ensued on the positive and negative outcomes of the modernisation agenda and members urged residents to submit their comments to the consultation. It was moved by Councillor Crooks, seconded by Councillor Mullaney and

RESOLVED - this council deplores the modernisation of the Post Office where it sees Village Post Offices closed and the service moved into small village shops, with particular reference to the proposal at Newbold Verdon, to move the current Post Office business to the NISA shop which is already overcrowded and does not have room for customers to transact business with any degree of privacy.

(The Meeting closed at 8.40 pm)

MAYOR

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COUNCIL – 19TH FEBRUARY 2015

2015/16 GENERAL FUND BUDGET REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To seek approval of the 2015/16 General Fund budget.
- 1.2 The General Fund revenue budget has been prepared taking into account the capital and HRA budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

2. RECOMMENDATION

- 2.1 That the following be approved:
 - The General Fund budget for 2014/15 and 2015/16 shown in section 3.2
 - The Special Expenses area budget for 2014/15 and 2015/16 shown in section 3.4
 - The proposed movement in General Fund Reserves and balances for 2014/15 and 2015/16 show in sections 3.16-22
- 2.2 That Council note that a revised Medium Term Financial Strategy (MTFS) will be presented to Council on 24th March 2015.

3. BACKGROUND TO THE REPORT

- 3.1 The General Fund revenue budget for 2015/16 has been drawn up in accordance with the principles set out in the approved Budget Strategy and in accordance with the Medium Term Financial Strategy (MTFS). The key objectives of the budget can be summarised as follows:
 - To align expenditure on services to the Council's Corporate Plan.
 - To provide for reductions in grant funding for 2015/16 and future years
 - To encourage identification of savings and income generation opportunities across the Council.
 - To maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
 - To maintain an acceptable and viable level of balances in the Special Expenses Area.
 - To keep the overall increase in average Band D Council Tax (including Special Expense Areas) to 0%.

Budget Summary

- 3.2 The original budget for 2014/15, revised budget for 2014/15 (based on November 2014 outturn) and the proposed budget for 2015/16 are set out below. Total service expenditure is budgeted to increase by £136,955 (1.17%) and net budget requirement to reduce by £63,125 (-0.65%) ie a net decrease "below the line" of £200,080.

	Original Estimate 2014/15 £	Revised Estimate 2014/15 £	Original Estimate 2015/16 £
Central Services	2,969,918	3,674,605	2,990,531
Leisure and Environment	6,600,531	6,829,829	6,488,829
Housing (General Fund)	986,276	1,374,408	901,744
Planning	1,857,450	2,150,032	1,629,340
Direct Service Organisations	(115,500)	(141,795)	(176,410)
Further Savings in Year	0	(2,190,000)	0
Total service expenditure	12,298,675	11,697,079	11,834,034
<i>Less:</i>			
<i>Special Expenses Area</i>	<i>(616,940)</i>	<i>(616,940)</i>	<i>(618,360)</i>
<i>Capital Accounting Adjustment</i>	<i>(1,473,822)</i>	<i>(1,473,822)</i>	<i>(1,360,840)</i>
<i>Net external interest (received)/paid</i>	<i>2,490</i>	<i>58,040</i>	<i>4,100</i>
<i>IAS19 Adjustment</i>	<i>(131,880)</i>	<i>(131,880)</i>	<i>(129,980)</i>
<i>Revenue Contributions to Capital</i>	<i>0</i>	<i>24,500</i>	<i>0</i>
<i>Carry forwards from 13/14</i>	<i>0</i>	<i>(217,422)</i>	<i>0</i>
<i>Transfer to reserves</i>	<i>280,500</i>	<i>3,743,178</i>	<i>667,000</i>
<i>Transfer from reserves</i>	<i>(452,730)</i>	<i>(1,526,862)</i>	<i>(890,951)</i>
<i>Transfer from unapplied grants</i>	<i>0</i>	<i>(619,957)</i>	<i>0</i>
<i>Transfer to/(from) pensions reserves</i>	<i>25,260</i>	<i>25,260</i>	<i>3,880</i>
<i>Transfer to/(from) balances</i>	<i>(200,089)</i>	<i>(1,229,710)</i>	<i>159,456</i>
HBBC Budget Requirement	9,731,464	9,731,464	9,668,339

Special Expense Area

- 3.3 This represents the cost of parks, cemeteries and poop scoop schemes in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.4 The proposed budgets for the Special Expenses area have been compiled in accordance with the approved Budget Strategy and the overall objective of freezing Council Tax. A separate report was presented to the Hinckley Area Committee on 28th January 2015 detailing the recommendations contained in this report.

	Original Estimate 2014/15 £	Revised Estimate 2014/15 £	Original Estimate 2015/16 £
Expenditure	616,940	616,940	618,360
<i>Transfer to/(from) balances</i>	<i>9,000</i>	<i>14,423</i>	<i>0</i>
<i>Transfer to/(from) reserves</i>	<i>61,467</i>	<i>56,044</i>	<i>(44,139)</i>
Net Expenditure	687,407	687,407	574,221
<i>New Homes Bonus</i>	<i>(127,343)</i>	<i>(127,343)</i>	<i>0</i>
Budget Requirement	560,064	560,064	574,221

- 3.5 Council approved the removal of the allocation of New Homes Bonus to Parish Councils and the Special Expense Area on 23rd September 2014.
- 3.6 Balances in the Special Expenses Area (SEA) are estimated as follows:

	£
Balance at 1 st April 2014	56,270
Transfer to/(from) Balances 2014/15	14,423
Estimated Balance at 31 st March 2015	70,693
Transfer to/(from) Balances 2015/16	0
Estimated Balance at 31 March 2016	70,693

Total Council Budget for 2015/16

- 3.7 The total overall budget for 2015/16 in the direct control of the Council is therefore:

	Original Estimate 2014/15	Revised Estimate 2014/15	Original Estimate 2015/16
	£	£	£
HBBC Budget Requirement	9,731,464	9,731,464	9,668,339
Special Expenses Budget Requirement	560,064	560,064	574,221
Total Council Controlled Budget Requirement	10,291,528	10,291,528	10,242,560

Revised Original Budget 2014/15

- 3.8 As part of setting the budget for 2015/16, a formal revised budget for 2014/15 has not been prepared. The original budget for 2014/15 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Section 3.2 however identifies that additional income and savings of £2,190,000 (net) have been identified to November 2014. The key movements leading to this variance have been detailed below:

	Saving/ (Over Spend) £
Savings on bank charges	13,000
Pension costs charged to the HRA and Revenues and Benefits Partnership	64,000
Additional legal costs and benefits overpayment income forecast to be recovered following changes in recovery methodology	55,000
The Council was notified on 30 th June 2014 of £658,430 of "section 31 grant" income, designed to reimburse for changes announced in the 2012 and 2013 Autumn Statements. The level of this grant that may be retained by the Council will not be known until year end and therefore this grant has been placed in the Business Rates pooling reserve until this point **	658,000
Charitable Relief no longer charged to the General Fund (under Business Rates Retention)	70,000
Fuel savings following review of vehicle use	39,000
Anti social behavior project no longer taking place	22,000
Additional recycling and waste income (credits, trade waste and sale of plastics)	157,000
Reduction in waste vehicle running and leasing costs	51,000

Recycling improvements budgets no longer required	40,000
Additional cost of recycling contract due to contamination charges	(86,000)
Season ticket income from Leicestershire County Council	48,000
NNDR rebate for Crescent site whilst under development	14,000
Additional development control income received due to a number of large applications	519,000
Savings in production of planning policy documents. Of this amount, £263,000 will be required in future years and therefore will be placed back into the Local Development Reserve **	397,000
Council offices - reduction in service charges and operating costs	42,000
Legal costs reimbursed by developers	22,000
Other smaller variances > £5k	65,000

** It should be noted that these amounts will be placed in reserves and therefore do not reflect a true underspend against the General Fund balance

Original Budget 2015/16 – assumptions and process

3.9 The 2015/16 General Fund revenue budget has been prepared following a robust budget process outlined in the 2015/16 Budget Strategy (the Strategy).

3.10 The budget has been created with clear links to the Council’s strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).

3.11 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 2-3% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3% has been used, unless otherwise specified within the terms of the specific contract.

3.12 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2015/16 estimates includes the agreed 2.2% pay increase as outlined by the NJC in November 2014. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (£465,878 – General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2014/15.

3.13 Service Growths totaling £982,806 endorsed by the Strategic Leadership Board have been included in the budget. Of this amount:

- £345,792 relates to the gap arising from the withdrawal of green waste recycling credits by the County Council from 2015/16. A one off contribution from reserves has been made to compensate for this gap as outlined in the reserves section of this report
- £398,100 relates to the withdrawal of funding from the County Council for delivery of Sure Start Programmes from 2015/16. This service will transfer to the County Council and therefore the Council will also save the running costs of this service to the same amount.
- £125,600 relates to an increase in the budget for restructuring costs that may arise in year. The total “severance” budget is therefore £175,000 for 2015/16.

- £120,000 relates to a potential VAT claim connected to the Greenfields site. This is a worst case scenario and it is expected that some element of this can be reclaimed through the VAT system.
- 3.14 In comparison, service managers and the Corporate Operations Board (COB) have identified £1,732,638 savings through review of income streams and expenditure levels. The most significant of these savings are:
- Removal of budgets for delivering Sure Start Programmes (£398,100) as outlined above
 - £343,711 base budget saving from removal of New Homes Bonus allocation to parish councils. This was based on the 2014/15 budget. The actual allocation for 2015/16 is £1,974,742 and therefore the total reduction in budget is £493,686
 - £259,000 additional growth in the income budget for planning fees. This reflects the ongoing increase in applications made to this service
 - £92,000 rental income due to the Council in 2015/16 from the units owned on the Crescent development (Block C)
 - £50,000 additional income legal costs recovered from revenues and benefits cases. This reflects the high levels of recovery that have been achieved in previous years.
- 3.15 The Leicestershire Pension Fund was re-valued as at 31 March 2013 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An Employers Contribution rate of 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 is contained in a corporate budget. These rates have been confirmed with the Pension Scheme provider.

Original Budget 2015/16 – key issues and considerations

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

Balances

- 3.17 The Council has the following policies relating to levels of balances and reserves:
- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council's budget requirement. Based on the forecast position for 2014/15 this would determine a need for £973,146 of General Fund balances and £966,834 based on the 2015/16 budget. The same discipline is also applied to the Special Expense Area.
 - Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
 - There should be no direct contribution from revenue to capital except for specific identified projects.
 - Any notional profit/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account
- 3.18 The projected movement of the General Fund Balances is detailed below and indicates that sufficient balances are forecast as at 31st March 2016. It should be noted

that the transfer from balances for 2014/15 includes £1,153,000 of excess balances that were moved to reserves in line with the principles in 3.17 and therefore does not represent over spends. Excess balances for 2014/15 will be confirmed at year end and considered as part of the outturn review of reserves.

	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2014	2,205,636	2,149,366	56,270
Amount Taken to /(from) Balances 2014/15	(1,215,287)	(1,229,710)	14,423
Balances at 31 March 2015	990,349	919,656	70,693
Amount Taken to/(from)Balances 2015/16	159,456	159,456	0
Balances at 31 March 2015	1,149,805	1,079,112	70,693
Net Budget Requirement	9,668,913	9,668,339	574
Minimum Balance requirement	966,891	966,834	57
Balance surplus /(requirement)	182,913	112,278	70,636

Ear marked Reserves

3.19 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements during 2014/15 and 2015/16.

3.20 The following uses of reserves for revenue purposes require approval by Council for 2015/16. Use of reserves for capital purposes are detailed in the Capital Programme.

Reserve	Transfer from £	Use
Benefits Reserve	82,719	The cost of funding voluntary redundancy payments for the Leicestershire Revenues and Benefits Partnership. See section 3.37 onwards
Local Plan Reserve	371,500	All costs associated with production of Local Plan documents are funded from a dedicated reserve set up for this purpose.
Waste Management Reserve	345,792	Following a decision by the County Council to remove green waste credits in 2015/16, this Council will have a budget pressure of £549,070 – representing the income currently received. This pressure is offset by savings in gate fees arising from the changes of £203,278. It was approved by Council on 16 th December 2014 that a transfer be made to the Waste Management Reserve in 2014/15 from savings identified in year to offset this pressure in 2015/16 only.
Planning Delivery Grant Reserve	10,940	Annual contribution towards salary costs of planning officer.
Elections Reserve	80,000	The cost of both the General and Local Elections to this Council in 2015 are forecast to be £163,279.19. The Council will receive a grant for these costs of £83,279.19 and therefore this transfer represents the balance

		to be funded from internal reserves.
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3.21 The following transfers to reserves require approval by Council:

Reserve	Transfer to 2014/15 £	Transfer to 2015/16 £	Use
Hub Future Rental Management Reserve	183,000	0	A transfer from this reserve was made to the Leisure Centre reserve in 2014/15 to fund the cost of the moveable floor in the new facility. It was endorsed by Council that this reserve should be reinstated in future years as a contingency for any fluctuations in rental costs/income at the Hinckley Hub.
Local Plan *	0	165,000	As outlined in the Medium Term Financial Strategy, contributions will be made to the Local Plan Reserve annually in order to fund the costs of producing the documents within the Plan.
Business Rates Reserve	0	7,000	As outlined in section 3.26, this Council would need to lose £176,903 of Business Rates before a safety net payment will be made under the Business Rates Retention Scheme. This transfer therefore increases the balance (less any section 31 grant) to this level.
Leisure Centre Reserve *	0	250,000	As endorsed by Council, excess balances are transferred to this reserve to reduce the cost of borrowing for this scheme.
Elections Reserve	0	25,000	Annual contribution to fund the cost of future elections.
Transformation Reserve	100,000	100,000	This reserve is in place to fund any “spend to save” schemes and initiatives that the Council may introduce going forward (e.g. costs arising from the set up of a Local Housing Company).
Appeals *	21,000	100,000	Funding set aside to finance potential large appeals and associated legal costs that may arise.
Enforcement *	0	20,000	Reserve set aside to fund future large enforcement claims against the Council.

*Denotes those reserves identify as “priority” by Council on 3rd December 2014

3.22 Based on these calculations, it is estimated that the Council will hold £4,161,119 in earmarked reserves as at 31st March 2015 and £3,519,399 at 31st March 2016. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met. A full review of the earmarked

reserves position will be performed in April 2015 as part of the outturn reporting process.

Local Government Finance Settlement

3.23 The Council's budgets are highly sensitive to changes in the finance settlement and Government policy. The funding for this Council announced in the 2015/16 Local Government Finance Settlement, along with additional elements of financing are detailed below:

	2014/2015	2015/2016	Mvt	Mvt
	£	£	£	%
			Inc/(Dec)	Inc/(Dec)
Revenue Support Grant	1,949,297	1,120,574	(828,723)	(42.5%)
Council Tax Support Grant	544,764	544,764	0	0
National Non Domestic Rates	2,251,383	2,294,404	43,021	0
2% Rates Cap	24,570	0	(24,570)	(100.0%)
Council Tax Freeze Grant 2011/2012	104,445	104,047	(398)	(0.4%)
Council Tax Freeze Grant 2013/2014	42,281	84,399	(395)	(0.5%)
Council Tax Freeze Grant 2014/2015	42,513			
Core Funding	4,959,253	4,148,188	(811,065)	(16.4%)
Council Tax Freeze Grant 2015/2016	0	42,300	42,300	100.00%
New Homes Bonus	1,401,891	1,974,742	572,851	40.86%
Collection Fund Surplus	38,416	86,971	48,555	126.39%
Council Tax payer	3,331,904	3,416,138	84,234	2.53%
Total Financing	9,731,464	9,668,339	(63,125)	(0.6%)

3.24 The following points should be noted:

- The reduction in core funding for the Council is 16.4%.
- The Medium Term Financial Strategy included a projection for a reduction of 16.2% and therefore this outcome has been adequately planned for
- For 2015/16, the Council Tax Freeze grant for the previous two years have been rolled into the core funding allocation
- The 2015/16 freeze grant has been separately announced at 1% (£42,300 for this Council) and the referendum limit is 2%. This amount and eligibility will be confirmed following approval of the Council Tax for 2015/16
- The settlement for 2015/16 does not separately identify the Council Tax Support Grant. However, the consultation on the document advised Authorities to assume that a similar level had been included for this purpose. Of the £544,764 allocated through Council Tax Support Grant, £143,000 will be allocated to parish councils as in previous years.
- Once the Settlement is taken into account with other funding streams, the Council's funding is moderately comparable to prior year (0.6% decrease).
- The Settlement in previous years also included a provisional allocation for the forthcoming year. This detail for 2016/17 was not provided by Government and therefore forecast of financing within the next iteration of the Medium Term Financial Strategy will be increasingly speculative.

Business Rates Retention and Pooling

- 3.25 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after taking into account discounts, collection rates and appeals estimates. Of the total income forecast, 50% is paid to central government. The remaining 50% (locally retained share) is shared between the Borough and preceptors.
- 3.26 The retained business rates of this Council are subject to a tariff set out in the 2015/16 Local Government Finance Settlement (£8,9767,259). Any growth over a set baseline (£2,358,703) is subject to a "levy" payment which is paid using the same proportions indicated above. The settlement announced that a safety net threshold for all Councils of 7.5%. On this basis, this Council would need to lose £176,903 of Business Rates before a safety net payment will be made.
- 3.27 The NNDR1 form for this Council was approved by Deputy Chief Executive (Corporate Direction) before the deadline of 31st January 2015.
- 3.23 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form. Due to the volatility of the economy and continual changes in guidance in this area, no growth has been included in the budget for 2015/16.
- 3.24 The Local Government Finance Bill allows local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments on growth are made into a local pool rather than paid to Central Government. Correspondingly, losses will be funded from the pool. Under pooling, these net thresholds are set at a pool level (i.e. the total of all individual thresholds)
- 3.25 In 2013/2104, ten Leicestershire local authorities including all the District and Borough Councils, the City and County and Fire Authority participated in a Leicester and Leicestershire Business Rates Pool (the pool). Per a legal agreement drawn up between all parties, any surplus made on the pool would be transfer to the Leicester and Leicestershire Enterprise Partnership (LLEP) for distribution to schemes in the County. The final position for the pool for 2013/2014 was a surplus of £706,390 made up as follows:

	Levy £	Safety Net £
Blaby	0	(90,816)
Charnwood	0	(284,505)
Harborough	903,204	0
Hinckley & Bosworth	187,032	0
Melton	52,146	0
North West Leicestershire	0	0
Oadby & Wigston	0	(60,671)
Total	1,142,382	435,992
Surplus (Deficit)	706,390	

- 3.26 Based on forecasts for business rates and uncertainties around appeal results, the pool was disbanded for 2014/15. The surplus above has been retained by the County Council pending any decision on pooling for forthcoming years. In practical terms, the absence of a pool in 2014/15 means that any levy payments due from this Council will be made directly to Central Government.
- 3.27 On 9th January 2015, the Leicestershire Treasurers Association (LTA) unanimously agreed that the pool should be reinstated for 2015/16. Per below, it is forecast that the

pool will make a surplus of £2,581,251. This increase is due to large levels of development and growth in Boroughs such as Blaby and North West Leicestershire.

	Levy	Safety Net
	£	£
Blaby	699,573	0
Charnwood	0	(142,446)
Harborough	981,441	0
Hinckley & Bosworth	134,385	0
Melton	341,798	0
North West Leicestershire	499,484	0
Oadby & Wigston	67,016	0
Total	2,723,697	(142,446)
Surplus (Deficit)	2,581,251	

3.28 Budgeting for business rates is extremely difficult given the level of volatility in the market and delays in processing of appeals and applications for relief. On this basis the 2015/16 budget does not reflect any growth. Ongoing monitoring will be performed of the position in year as in 2014/15 and reported to the Finance, Audit and Performance Committee quarterly. As outlined in Appendix 1 a reserve is in place to compensate for any loss of business rates income up to the safety net threshold.

Implementation of a Local Council Tax Scheme (LCTS)

3.29 From 2013/14, Council Tax Benefit for non pensioners was removed and instead, all individuals were required to pay an element of council tax based on an agreed local scheme. From a budget perspective this resulted in the removal of council tax subsidy and also Council Tax Benefit payments from the Collection Fund.

3.30 From a financing point of view, the introduction of the LCTS had the result of reducing the council tax base for the Council as income is only received for a proportion of those properties previously in receipt of Council Tax Benefit. The council tax base for this Council for 2013/14 was impacted by -3,532.7 and Council Tax of £318,617 as a result of the introduction of a 8.5% capped scheme. For 2014/15, this cap was increased to 12%, meaning that individuals will be required to pay 3.5% more than in previous year. The scheme has remained unchanged for 2015/16.

New Homes Bonus

3.31 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing. The first awards were made in April 2011. For each additional new home built local authorities will receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use.

3.32 Based on the number of new properties brought into council tax from October 2013 to October 2014 this Council has been allocated £1,974,742 in New Homes Bonus for 2015/16. This includes the element of funding from previous allocations. As outlined below, this allocation is £62,743 more than "best case" scenario used in the Medium Term Financial Strategy. This can be attributed to the results of an empty property review (carried out by Capacity Grid) which identified a large number of properties that are no longer vacant and therefore have been brought "back into the base".

	2015/16	2015/16	Mvt	Mvt
	£	£	£	%
Scenario	MTFS	Allocation	Inc (Dec)	Inc (Dec)
Worst Case	1,656,945	1,974,742	317,797	19%
Forecast	1,784,472	1,974,742	190,270	11%
Best Case	1,911,999	1,974,742	62,743	3%

3.33 It should be noted that there continues to be considerable uncertainty over New Homes Bonus. Whilst the government has withdrawn proposals to “top slice” elements of the funding from 2015/16, alternative methods of allocation have not been ruled out. Withdrawal of any element of New Homes Bonus is a considerable risk to this Council and will be planned for in the next iteration of the MTFS.

Income Increases and Reductions

3.34 A significant proportion of the Council’s overall income comes from fees and charges levied on services provided by the Council. In the current climate, levels of income are extremely volatile and a number of movements have been taken into account in the 2015/16 budget. These include:

- £19,750 additional rent and service charge income for the Hinckley Hub to reflect new tenants that have moved into the building
- £259,000 additional growth in the income budget for planning fee income. This reflects the ongoing increase in applications made to this service
- £92,000 rental income due to the Council in 2015/16 from the units owned on the Crescent development (Block C)
- An increase in income received from Building Control services of £40,000. This reflects that officers are no longer shared with Oadby and Wigston Borough Council and therefore will be able to attract additional income for this service.
- Following the success of the trade waste and sales of plastic, income budgets have been increased by £50,500 for 2015/16
- Season ticket income of £30,000 to reflect the income received by Leicestershire County Council for parking spaces at the Hinckley Hub
- Car Parking income for pay and display has been forecast at similar levels as in 2014/15. Whilst the Council has lost the use of two car parks since development has started in the town centre, income from the remaining sites has exceeded budget. On this basis a similar income stream is deemed reasonable.
- Market income has been adversely affected in 2014/15 due to a decrease in street sellers and adverse weather conditions. The 2015/16 budget includes a reduction in income of £20,450 to reflect this downturn
- A reduction in income from Leicestershire County Council for green waste credits. This reduction of £549,070 is offset by savings in gate fees arising from the changes of £203,278.

3.35 Members will recall that from 2015/16, the Council will also be in receipt of Management Fees from the provider of the new leisure centre. The average income over the life of the contract is £899,293 (before financing costs). The income received for the first 5 years of the contract, plus the interim payment until completion is as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Year	Interim	1	2	3	4	5
Management Fee £	40,323	408,367	907,547	1,015,747	1,012,647	935,809

3.36 The 2015/16 budget should be read in conjunction with the Council's Fees and Charges book for 2015/16 which is presented to Executive in January 2015. This document reflects the annual review of all Council income streams and any variations in charging regimes. The following new charges have been endorsed by Executive for 2015/16:

- Off peak rates for tennis at Hollycroft Park
- Renewals and variations of licenses for sex establishments
- Charges for new documents produced (e.g. Land Availability Studies, Earl Shilton and Barwell Action Plan and Renewable Energy Capacity Study)
- General waste – bin replacement
- Pre application advice – domestic
- New Occupancy (provision of 3 bins and internal caddy)
- Failure to comply with a Community Protection Notice, under the Anti-social Behaviour, Crime and Policing Act 2014

Leicestershire Revenues and Benefits Partnership

3.37 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) was approved by the Partnership Joint Committee on 29th January 2014. The total cost of the Partnership is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting contributions for 2015/16 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects a saving compared to 2014/15 of £53,700:

	Total £	HBBC £	HDC £	NWLDC £
2015/16 Contribution	3,621,140	1,362,180	1,040,710	1,218,250
2014/15 Contribution	3,589,240	1,415,880	1,014,350	1,159,010
Difference – Increase/(Decrease)	31,900	(53,700)	26,360	59,240

3.38 It should be noted that the Partnership budget detailed above is a holding budget and will be revised following completion of the current review of the service. It is envisaged that once implemented, the review will generate in excess of £300,000 savings arising from restructuring and more efficient methods of working. A further report on this outcome will be brought to Council later in the financial year.

3.39 As part of this restructure, the Joint Committee and Management Board of the Partnership have currently agreed 12 voluntary redundancies (10.78 FTE posts) which will result in £269,472 of one off redundancy payments. These costs are to be met by the partners in line with agreed percentage split. The 2015/16 Budget for this Council includes £82,719 to meet the costs relating to redundancy payments. This cost will be met by the Benefits Reserve as outlined in section 3.20

Investment Income

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

3.41 The Base Rate is currently 0.5% and has been at this historically lower level since March 2009. This level has been assumed in the 2015/16 budget to ensure that a prudent level of investment income is assumed.

3.42 Conversely, the Council is able to borrow from the Public Works Loan Board (PWLB) to fund the Capital Programme. Loans are acquired at preferential rates from this source which reduces the level of interest payable from the General Fund.

3.43 Net interest for this Council have been estimated at £4,100 and is based on a detailed cash flow and borrowing forecast, which includes income that will be received for the loan to Tin Hat Partnership in year (£174,041).

Major Projects

3.44 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including:

- The Hinckley Bus Station Redevelopment - "The Crescent"
- Build of the new Hinckley Leisure Centre
- Capital works associated with the Regional Growth Fund (RGF)
- Build of the new facility for the Hinckley Squash and Racket Club

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

Council Tax

3.45 One of the directions of the Comprehensive Spending Review (CSR10) published in October 2010 was that Council's should seek to set a zero increase in council tax where possible for the years of the spending review. Freeze Grants have been offered for a number of years to incentivize Council's to not increase their tax levels.

3.46 For 2015/16 the Council has announced a 1% Council Tax Freeze Grant for eligible Council's. This equates to a grant of £42,300 for this Council and will be confirmed following approval of Council Tax levels at this meeting.

3.47 In order to curb excessive increases in council tax, the Secretary of State for Communities and Local Government has announced that for 2015/16 Councils setting council tax increases of over 2% would need to carry out a referendum. The estimated cost of carrying out a referendum for this Borough would be between £110,000 and £120,000. On this basis an increase of Council Tax of at least 3% would be required to cover these costs.

3.48 That said, the impact of not introducing any Council Tax increase since 2009/10 has meant an erosion of the basis and reduction of over £800,000 in spending power in real terms.

Medium Term Financial Strategy

3.49 This Council's Medium Term Financial Strategy (MTFS) for 2014/15 onwards was approved by Council in May 2014. The MTFS contained 3 scenarios (Best case, worst case and forecast), with the best case being the only scenario that would be sustainable in the medium term. The budget for 2015/16 has managed to achieve a budget position that is consistent with this best case scenario due to the inclusion of a number of "targets" contained in the MTFS.

3.50 Given the significant changes in Local Government Financing and locally for the Council since this time, a revised document will be produced and reported to Council in March 2015.

4. FINANCIAL IMPLICATIONS [KP]

As contained in the report

5. LEGAL IMPLICATIONS [EH]

5.1 The Council has a legal duty to set a balanced budget.

5.2 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves. This report meets that obligation.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

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

8. RISK IMPLICATIONS

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

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

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

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

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

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

10. **CORPORATE IMPLICATIONS**

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

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

Contact Officer : Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) ext 5609

Executive Member : Councilor K.W.P. Lynch

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Appendix 1

	1st April 2014 Balance	To Reserves review	From Reserves review	From Carry forwards	To/From Budgeted transfers	From Orig Budget spend (revenue)	From Capital spend - Per final Cap Prog	To Supplementary budgets	From Supplementary budgets Revenue	Forecast closing balance 31st March 2015	To Transfers to reserves	From Revenue spend	From Capital spend	Forecast closing balance 31st March 2016
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Car Parking Income Reserve	(25,000)									(25,000)				(25,000)
Market Income Reserve	(15,000)									(15,000)				(15,000)
Commutation & Feasibility Reserve	(126,774)									(126,774)				(126,774)
Benefits Reserve	(256,268)					11,000				(245,268)		82,719		(162,549)
Hub Future Rental Management Reserve	(915,000)	(85,000)						(183,000)	889,678	(293,322)				(293,322)
Special Expenses Reserve	(317,664)		8,000		(64,044)		124,770			(248,938)		44,139	3,270	(201,529)
Local Plan Procedure	(361,070)			123,199	(152,000)	375,500			(263,096)	(277,467)	(165,000)	371,500		(70,967)
Business Rates Pooling	(170,270)							(658,000)		(828,270)	(7,000)			(835,270)
Relocation Reserve	(101,132)									(101,132)				(101,132)
Leisure	(2,650,867)	(526,000)					4,066,545	(889,678)		0	(250,000)			(250,000)
Year End Carry Forwards	(217,422)				217,422					(0)				(0)
Troubled Families	(30,000)					30,000				0				0
Maint Fund - Green Towers	(5,000)									(5,000)				(5,000)
Land Charges Reserve	(218,851)								218,851	0				0
Pensions Contribution	(133,411)				(28,000)					(161,411)				(161,411)
ICT Reserve	(212,500)						57,000			(155,500)			117,000	(38,500)
Waste Management Reserve	(262,865)	(100,000)			(25,500)	9,000	96,555	(350,000)		(632,810)		345,792	131,590	(155,428)
Project Management/Master Plan Reserve	(203,000)									(203,000)			99,770	(103,230)
Planning Delivery Grant Reserve	(61,543)					10,940				(50,603)		10,940		(39,663)
Workforce Strategy Reserve	(13,000)									(13,000)				(13,000)
Election Reserve	(87,000)				(25,000)					(112,000)	(25,000)	80,000		(57,000)
Grounds Maintenance	(58,295)									(58,295)				(58,295)
Transformation	(29,120)	(150,000)					20,000	(100,000)		(259,120)	(100,000)		22,000	(337,120)
Appeals	0	(200,000)						(21,000)	48,500	(172,500)	(100,000)			(272,500)
Enforcement	0	(100,000)			(33,710)				40,000	(93,710)	(20,000)			(113,710)
Planning Capacity	0							(100,000)	17,000	(83,000)				(83,000)
City Deals	0				(16,290)	16,290				0				0
Total	(6,471,051)	(1,161,000)	8,000	123,199	(127,122)	452,730	4,364,870	(2,301,678)	950,933	(4,161,119)	(667,000)	935,090	373,630	(3,519,399)

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COUNCIL – 19TH FEBRUARY 2015

CALCULATION OF COUNCIL TAX FOR 2015/16 (PROVISIONAL) REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1 PURPOSE OF REPORT

- 1.1 To obtain approval of Council Tax for 2015/16.
- 1.2 **Members should note that this is a provisional report. A supplementary report will be issued for the meeting held on 19th February 2015 following final approval of the Council Tax for all parish councils and the major preceptors.**

2 RECOMMENDATIONS

- 2.1 That the following be approved in accordance with the Local Government Finance Act (1992) for 2015/16:
- A Council budget requirement excluding Special Expenses and Parish Councils of £9,668,339.
 - A Council budget requirement including Special Expenses of £10,242,560.
 - A total net budget requirement including Special Expenses and Parish Councils of £11,777,999.
 - A contribution from Revenue Support Grant (including the element indicated for Local Council Tax Support) and Non Domestic Rates (indicated by the NNDR Baseline) of £3,959,742.
 - A forecast transfer of £86,971 surplus from the Collection Fund to the General Fund.
 - A Band D Council Tax for Borough wide services, excluding Special Expenses and Parish Council precepts, of £95.96 (the same level as the previous 5 years)
 - A Band D Council Tax for Borough wide services and an average of Special Expenses Services of £112.09
 - An average Band D Council Tax relating to Borough wide services and an average of Special Expenses and Parish Council services of £155.22
 - The total Council Tax, including amounts for the County Council, Police and Crime Commissioner, and Combined Fire Authority and for each area and valuation band as detailed in Appendix A.

3 BACKGROUND TO REPORT

Background

- 3.1 The General Fund revenue budget for 2015/16 has been drawn up in accordance with the principles set out in the Budget Strategy (the Strategy) and in accordance with the Medium Term Financial Strategy. The key objectives of the

Strategy are summarised in the General Fund revenue budget 2015/16 presented alongside this report.

- 3.2 The Council Tax Base for 2015/16 is 35,599.6 and was approved, as delegated by the Deputy Chief Executive (Corporate Direction) on 12th December 2014.
- 3.3 In addition to the Borough wide element, the Borough Council, as billing authority, has to collect Council Tax on behalf of the County Council, the Office of the Police and Crime Commissioner, the Fire and Rescue Service, Parish Councils and the Special Expenses Area. These other bodies issue precepts to the Borough Council specifying the amounts to be collected. These amounts are then paid over during the year in accordance with statutory timescales.
- 3.4 The full “Budget Book” detailing further details on all Council budgets is available for members in the Members’ room. Members are requested to raise any specific questions directly with the Deputy Chief Executive (Corporate Direction), Chief Officer (Finance, Customer Services and Compliance), or the relevant service manager.

Council Tax 2015/16

- 3.5 The approved budgets for this Council result in an average increase in Council Tax both excluding and including the Special Expenses area of Hinckley, of 0%. This ensures this Council is eligible for receipt of a Council Tax Freeze Grant for 2015/16 equivalent to 1% (£42,300). This amount and eligibility will be confirmed following approval of the Council Tax for 2015/16.
- 3.6 At the time of writing this report, formal ratification of the Council Tax and precept for Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire, Leicester, Leicestershire and Rutland Combined Fire Authority and a number of Parish Councils was pending. The figures in this report have therefore been based on proposed levels. Any change following formal ratification will be tabled at this meeting.
- 3.7 The proposed levels of increases for each of the precepting bodies are as follows:
- Leicestershire County Council - 1.99%
 - The Office of the Police and Crime Commissioner for Leicestershire – 1.99%
 - Leicester, Leicestershire and Rutland Combined Fire Authority – 1.99%
- 3.8 Based on these levels the resulting Council Tax amount for each valuation band is as follows:

Valuation Band	A £	B £	C £	D £	E £	F £	G £	H £
Leicestershire County Council	722.77	843.23	963.69	1,084.15	1,325.08	1,566.00	1,806.92	2,168.30
The Office of the Police and Crime Commissioner for Leicestershire	120.00	140.00	160.00	180.00	220.00	260.00	300.00	360.00
Leicester, Leicestershire and Rutland Combined Fire Authority	40.29	47.00	53.72	60.43	73.86	87.29	100.72	120.86

- 3.9 The 2015/16 Council Tax relating to the Hinckley Special Expense Area items of expenditure for Band D is £57.74, a decrease of 1.5% over 2014/15 due to the

movement in the tax base. For Council Tax freeze purposes however, the precept of the Special Expense Area is divided by the Council Tax base for Hinckley and Bosworth Borough Council. For this purpose the charge for this purpose has been frozen at £16.13.

3.10 The average 2015/16 Council Tax relating to Parish Council items of expenditure, including Special Expenses, for Band D is £59.26, an increase of 2.15% over 2014/15.

3.11 The average total amount of Council Tax due at Band D will be £1,479.80 for 2015/16, an increase of 1.87% over 2014/15. The actual percentage increase for each taxpayer will vary depending on the area in which they live.

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

	2015/16 Council Tax	2014/15 Council Tax	Increase
Leicestershire County Council	£1,084.15	£1,063.00	1.99%
Leicester, Leicestershire and Rutland Combined Fire Authority	£60.43	£59.25	1.99%
The Office of the Police and Crime Commissioner for Leicestershire	£180.00	£176.48	1.99%
Hinckley & Bosworth Borough Council Including Special Expenses	£112.09	£112.09	0%
Parish Councils	£43.13	£41.88	2.98%
Total Council Tax	£1,479.80	£1,452.70	1.87%

5 FINANCIAL IMPLICATIONS (KP)

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

6 LEGAL IMPLICATIONS (EH)

The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) set out the requirement for the Council to confirm and formally approve its Council Tax Base and notify it to its precepting bodies.

Precept setting must be completed and submitted to the Council by the 31st March by precepting bodies. In the event this deadline is missed the Billing Authorities (Anticipation of Precepts) Regulations 1992 contain provisions for anticipating the precept, provided they have issued one in the last three years immediately previous.

7 CORPORATE PLAN IMPLICATIONS

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

8 CONSULTATION

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

9 RISK IMPLICATIONS

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

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

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

10 KNOWING YOUR COMMUNITY – EQUALITY & RURAL IMPLICATIONS

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

11 CORPORATE IMPLICATIONS

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

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

Background Papers: DCLG notifications
Notification of precepts

Contact Officer: Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) ext 5609

Executive Member Cllr. K.W.P. Lynch

APPENDIX A

COUNCIL TAX 2015/16

VALUATION BAND PROPORTION OF BAND D	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
	£p	£p	£p	£p	£p	£p	£p	£p
Parish								
HINCKLEY	985.52	1,149.77	1,314.03	1,478.28	1,806.79	2,135.29	2,463.80	2,956.56
BAGWORTH	1,009.03	1,177.21	1,345.38	1,513.55	1,849.89	2,186.24	2,522.58	3,027.10
BARLESTONE	992.42	1,157.82	1,323.23	1,488.63	1,819.44	2,150.24	2,481.05	2,977.26
BARWELL	991.75	1,157.05	1,322.34	1,487.63	1,818.21	2,148.80	2,479.38	2,975.26
BURBAGE	983.43	1,147.33	1,311.24	1,475.14	1,802.95	2,130.76	2,458.57	2,950.28
CADEBY	969.56	1,131.15	1,292.75	1,454.34	1,777.53	2,100.71	2,423.90	2,908.68
CARLTON	970.03	1,131.70	1,293.37	1,455.04	1,778.38	2,101.72	2,425.07	2,910.08
DESFORD	994.37	1,160.10	1,325.83	1,491.56	1,823.02	2,154.48	2,485.93	2,983.12
EARL SHILTON	990.18	1,155.21	1,320.24	1,485.27	1,815.33	2,145.39	2,475.45	2,970.54
GROBY	992.51	1,157.93	1,323.35	1,488.77	1,819.61	2,150.45	2,481.28	2,977.54
HIGHAM	973.53	1,135.78	1,298.04	1,460.29	1,784.80	2,109.31	2,433.82	2,920.58
MARKET BOSWORTH	979.29	1,142.51	1,305.72	1,468.94	1,795.37	2,121.80	2,448.23	2,937.88
MARKFIELD	989.75	1,154.70	1,319.66	1,484.62	1,814.54	2,144.45	2,474.37	2,969.24
NAILSTONE	974.92	1,137.41	1,299.89	1,462.38	1,787.35	2,112.33	2,437.30	2,924.76
NEWBOLD VERDON	988.28	1,152.99	1,317.71	1,482.42	1,811.85	2,141.27	2,470.70	2,964.84
OSBASTON	967.79	1,129.09	1,290.39	1,451.69	1,774.29	2,096.89	2,419.48	2,903.38
PECKLETON	980.76	1,144.22	1,307.68	1,471.14	1,798.06	2,124.98	2,451.90	2,942.28
RATBY	987.94	1,152.60	1,317.25	1,481.91	1,811.22	2,140.54	2,469.85	2,963.82
SHACKERSTONE	974.43	1,136.84	1,299.24	1,461.65	1,786.46	2,111.27	2,436.08	2,923.30
SHEEPY	973.93	1,136.26	1,298.58	1,460.90	1,785.54	2,110.19	2,434.83	2,921.80
STANTON-U-BARDON	976.94	1,139.76	1,302.59	1,465.41	1,791.06	2,116.70	2,442.35	2,930.82
STOKE GOLDING	975.25	1,137.80	1,300.34	1,462.88	1,787.96	2,113.05	2,438.13	2,925.76
SUTTON CHENEY	974.07	1,136.42	1,298.76	1,461.11	1,785.80	2,110.49	2,435.18	2,922.22
TWYCROSS	969.40	1,130.97	1,292.53	1,454.10	1,777.23	2,100.37	2,423.50	2,908.20
WITHERLEY	974.02	1,136.36	1,298.69	1,461.03	1,785.70	2,110.38	2,435.05	2,922.06

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COUNCIL – 19TH FEBRUARY 2015

HOUSING REVENUE ACCOUNT BUDGET 2015/16 REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To seek approval of the 2015/16 Housing Revenue Account (HRA) budget, including the Housing Repairs Account.

2. RECOMMENDATION

- 2.1 That the following be approved:

- The revised Housing Revenue and Housing Repairs Account budgets for 2014/15 shown in Appendix 1 and Appendix 2
- The Housing Revenue and Housing Repairs Account budgets for 2015/16 shown in Appendix 1 and Appendix 2
- The proposed movement in reserves shown in Appendix 3

- 2.2 That Council approve the recommendation that delegated authority be granted to the Deputy Chief Executive (Corporate Direction) to action any budget changes required to reflect decisions made by Executive on charging for Housing Related Support services. Council should note that these changes are presentational only and will have minimal impact on the overall HRA budget.

- 2.3 That Council note the approved rent increase and the policy that void properties will be re-let at formula rent from 1st April 2015.

3. BACKGROUND TO THE REPORT

- 3.1 The budgets covered by this report relate to the Council's responsibilities as the landlord of around 3,300 dwellings. The Housing Revenue Account is the ring fenced account which presents financial performance for the following activities:

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

Budget summary

- 3.2 The original Housing Revenue Account budget for 2014/15, revised budget for 2014/15 (based on November 2014 outturn) and the proposed budget for 2015/16 is set out in Appendix 1.

- 3.3 The original Housing Repairs Account budget for 2014/15, revised budgets for 2014/15 (based on November outturn) and the proposed budget for 2015/16 is set out in Appendix 2

Revised 2014/15 Budget

- 3.4 As part of setting the budget for 2015/16, a formal revised budget for 2014/15 has not been prepared. The original budgets for 2014/15 have, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements.
- 3.5 Appendix 1 identifies £37,000 of additional costs on the Housing Revenue Account to year end. This is due to an increase on the "void loss" in year. No other significant changes are currently forecast.
- 3.6 In addition, Appendix 1 identifies £118,000 of savings on the Housing Repairs Account to year end. This relates to savings in responsive repairs which have been achieved from more efficient working methods and contract renegotiations. Members should be assured that this saving is not due to decreased levels of activity and that the number of responsive repairs jobs completed will be comparable to previous years.

2015/16 Budget

Service Priorities and links to other documents

- 3.7 The 2015/16 budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.8 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Plan which was approved by Council in July 2013. The key objectives for future housing provision outlined in this document were taken into account in producing both the revenue and capital HRA budgets. These are as follows:
- Continue to invest in existing stock to maintain good quality homes
 - Invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
 - Refurbishment/regeneration of stock which no longer meets needs.
 - Environmental improvements to estates to ensure they are clean and safe.
 - Invest in service delivery
 - Develop and maintain effective engagement with tenants

Budget Assumptions and the Budget Strategy

- 3.9 The 2015/16 Housing Revenue Budget has been prepared following a robust process outlined in the 2015/16 Budget Strategy (the Strategy).
- 3.10 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 2-3% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3% has been used, unless otherwise specified within the terms of the specific contract.
- 3.11 The salaries and wages budgets form one of the most significant element of the revenue budget. For pay costs, the 2015/16 estimates includes the agreed 2.2% pay increase as outlined by the NJC in November 2014. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a

salary saving rate of 5% (£465,878 – General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2014/15.

3.12 Service Growths totaling £136,057 endorsed by the Strategic Leadership Board have been included in the draft budget. Of this amount:

- £75,000 relates to the creation of the severance budget for the HRA similar to that in place within the General Fund
- £30,137 represents an increase in equipment budgets for Sheltered Schemes to ensure appropriate replacements can be made
- £25,000 relates to the element of Local Housing Allowance payments that can be charged to the HRA as approved by the Department for Work and Pensions (DWP)

Rents

Policy to 2014/15

3.13 As part of the previous Housing Subsidy regime, rents were calculated on the basis of an annual determination issued by the Department of Communities of Local Government (DCLG). The methodology included in this determination was highly prescriptive and offered little flexibility for landlords in setting rent levels.

3.14 One of the key objectives of rent setting under the Housing Subsidy regime was to ensure that the rents payable by Council tenants were brought into line with those paid by tenants of other Social Landlords (target rent) by a set date. This concept is known as “convergence”.

3.15 Under self financing, Council landlords were granted additional flexibility in setting rent levels and rent determinations were no longer published to prescribe the process. That said, the principle of rental convergence currently still applied and Councils were encouraged to implement formula which was broadly based an increase of RPI + ½% plus a proportion of the difference between inflated and target rent for the property. In order to ensure that rents were not increased excessively, the previous rental formula included rental constraint devices (known as caps and limits). The cap dictated the total amount that can be charged for each property based on the number of bedrooms. In addition, the limit stated that no tenants’ rent could be increased by more than RPI + 0.5% + £2 year on year.

Policy from 2015/16

3.16 In May 2014, the Government announced a revised rent policy which would apply for ten years from 2015/16. The objectives of this policy was “in recognition of the benefit of long-term certainty to landlords, in helping them to plan for future investment – and so provide more new affordable homes, improve existing affordable homes, and provide good services to their tenants.”¹

3.17 The revised policy outlines that a “formula” rent as at 2000/01 should be calculated using the formula below. This calculation incorporates a number of local factors deemed to impact the rental market rather than blanket increases that have previously been used:

$$(70\% \text{ of national average rent} \times \text{relative county earnings} \times \text{bedroom weight}) + (30\% \text{ of national average rent} \times \text{relative property value})^2$$

¹ Guidance on Rents for Social Housing – DCLG October 2014

² *National average rent* is average rent in April 2000

Relative county earnings is the average manual earnings for the county in which property is located divided by the national average manual earnings – both at 1999

- 3.18 Once the 2000/01 formula rent is calculated, it is then uplifted annually to 2014/15 by Retail Price Index (RPI) at September of the previous year plus an additional amount. In 2001/02, that additional amount is 1.0%; for all other years, it is 0.5%.
- 3.19 The revised rent policy then changes the uplift from 2015/16 to Consumer Price Index (CPI) at September of the previous year plus 1.0%. The move from RPI to CPI follows the Office for National Statistics' announcement in January 2013 that the formula used to produce the RPI does not meet international standards. As a result, the Government is looking to move to the CPI, where possible, where an inflation-index is currently being used in policy.
- 3.20 CPI at September 2014 was 1.2%.
- 3.21 Whilst use of this formula is not mandated, the DCLG states that it **expected** that Councils will set rents in this manner.

Hinckley and Bosworth Rents

- 3.22 Based on this calculation, the average rental increase for this Council for 2015/16 is calculated at **9.76%**. This level of increase is due to historical decisions made by members to not increase rents in line with formula. As a comparison, the actual rent charged in 2014/15 is on average £5.64 (6.69%) less than the recommended formula rent.
- 3.23 This proposed rental increase of 9.76% was not endorsed by the Executive who approved a rent increase of **6.5%** on 28th January 2015. After factoring in void losses of 2%, this increase will generate forecast rental income of £13,262,955 in 2015/16. This is £441,709 less than the rental income that would be generated if the formula rent increase was approved.
- 3.24 In order to compensate for loss of income from sub-formula rents, Executive also approved that void properties will be re-let at formula rent from 1st April 2015.

Supporting People Income

- 3.25 The Council is currently contracted by Leicestershire County Council to provide Housing Related Support services (HRS) to older people living in the Borough. A grant of £411,630 was received in 2014/15 to deliver this service. The contract for this service is due to end in September 2015.
- 3.26 In light of these announcements, Executive have considered the following options for the future of this service:
- “Do nothing” and continue to provide the service. This will create a budget pressure for the HRA of £411,630 per annum; being the value of the grant lost
 - Abolish the service altogether. This would save the Council £581,791 per annum less redundancy costs. This represents the current net cost of providing the service
 - Implementation of a charging regime for tenants in Sheltered Schemes which will recoup the income lost. This scenario has been supported in principle by the Executive.
- 3.27 Executive approved the introduction of charging on 28th January 2015. The 2015/16 budget has been set using the same basis as 2014/15 pending the announcement of any further Supporting People cuts and whilst the practicalities of changing are finalised. On the basis that charging has been introduced, presentational virements are required to establish the required budgets, **though the net impact on the HRA**

Relative property value – individual property value divided by national average property value – both at 1999

will be minimal. Council are therefore asked to approve that these changes are delegated to the Deputy Chief Executive (Corporate Direction) following approval by Executive.

Housing Repairs budgets

3.28 The housing repairs operational budgets (Planned and Responsive repairs) have been prepared taking into forecast need based and the capacity for this to be delivered in 2015/16. It is envisaged that costs of repairs will remain comparable to 2014/15.

3.29 On the basis of these costs and the efficiencies identified in year, the housing repairs account is forecast to achieve an operating surplus (i.e before transfer to reserves) of £707,630 and £681,710 in 2014/15 and 2015/16 respectively.

Working balances

3.30 The Council has the following policies relating to levels of balances and reserves in the HRA:

- Maintain HRA balances (non earmarked) of £250 per property. For the 2015/16, this equates to minimum balances of £840,750 based on 3,363 properties at the point of rent setting
- Maintain a breakeven position within the Housing Repairs Account with all surpluses transferred to earmarked reserves
- Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
- There should be no direct contribution from revenue to capital except for specific identified projects.

3.31 The projected movement of the Housing Revenue Account balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2016 based on the minimum balance thresholds outlined in 3.30. Required transactions to achieve minimum balances for 2014/15 will be considered as part of the outturn process. ³

	2014/15	2014/15	2015/16
	ORIGINAL	LATEST	ORIGINAL
	ESTIMATE	ESTIMATE	ESTIMATE
	£	£	£
Opening Balance at 1st April	(775,419)	(1,155,596)	(904,034)
Closing Balance at 31st March	(846,500)	(904,034)	(840,750)

3.32 The Housing Repairs Account balance is forecast as follows:

	2014/15	2014/15	2015/16
	ORIGINAL	LATEST	ORIGINAL
	ESTIMATE	ESTIMATE	ESTIMATE
	£	£	£
Opening Balance at 1st April	(237,374)	(483,255)	(570,885)
Closing Balance at 31st March	(239,874)	(570,885)	(474,595)

Reserves

³ (x) Relates to credit/positive balances

3.33 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2014/15 and 2015/16. Based on these calculations, it is estimated that the Council will hold £8,171,979 in earmarked HRA reserves as at 31st March 2015 and £7,373,183 at 31st March 2016. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

3.34 The following transfers to reserves require approval by Council:

Reserve	Transfer £	Use
2014/15		
Regeneration Reserve	1,900,000	When self financing was introduced, a Repayment Reserve was set up to fund costs should the Council wish to repay HRA debt earlier than planned. The approved HRA Investment Plan forecasts that debt will be paid back in line with original schedule set by PWLB and therefore it is proposed that this reserve is transferred to the Regeneration Reserve for use on capital schemes
2015/16		
Piper Alarm Reserve	10,400	Reserve set aside for additional costs that may be incurred on provision of the Piper Alarm service. This service is currently under review by the Council
Regeneration Reserve	3,245,150	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account

3.35 It is proposed that HRA reserves will only be used for capital purposes in 2015/16. Full details are included in the Capital Programme.

HRA Business Plan

3.36 The HRA Business and Investment plan outlines how the HRA business will deliver services and capital projects over a 30 year period. This document is currently being revised and will be brought to Council for approval in October 2015.

4. FINANCIAL IMPLICATIONS [KP]

4.1 Contained in the body of the report

5. LEGAL IMPLICATIONS [EH]

5.1 This budget is must drawn up and approved in accordance with the Statutory requirements as to the keeping of a Housing Revenue Account (HRA), as contained in the Local Government and Housing Act 1989 (‘the Act’). It is a duty of each local authority to approve its HRA budget in the January and February immediately before the commencement of the financial year to which it relates.

5.2 The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Account must

relate to the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account and the expenditure of the authority for the year in respect of the repair, maintenance, supervision and management of such property and any other requirements of the Secretary of State.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

- 7.1 Relevant council officers have been consulted in the preparation of the budgets.
- 7.2 A full consultation exercise on priorities for Housing investment was conducted in 2013/2014, the results of which were considered in preparation of the Housing Investment Plan
- 7.3 Together for Tenants were consulted on the proposed rent levels and recommended an increase of 6.5%

8. RISK IMPLICATIONS

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

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

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

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

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

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

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: None

Contact Officer: Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) ext 5609

Executive Member: Cllr K Lynch

Appendix 1

HOUSING REVENUE ACCOUNT	2014/15 ORIGINAL ESTIMATE £	2014/15 LATEST ESTIMATE £	2015/16 ORIGINAL ESTIMATE £
INCOME			
Dwelling Rents	(12,642,773)	(12,642,773)	(13,262,955)
Non Dwelling Rents (garages & land)	(78,261)	(78,261)	(80,616)
Contributions to Expenditure	(16,340)	(16,340)	(16,830)
	(12,737,374)	(12,737,374)	(13,360,401)
EXPENDITURE			
Supervision & Management (General)	1,733,285	1,736,466	1,915,352
Supervision & Management (Special)	552,846	605,152	607,498
Contribution to Housing Repairs A/C	3,192,165	3,192,165	3,192,165
Depreciation (Item 8 Debit)	2,883,000	2,883,000	2,974,420
Capital Charges : Debt Management	3,790	3,910	4,220
Increase in Provision for Bad Debts	110,500	110,500	144,000
Lump sum Pension Contribution	0	0	53,000
Interest on Borrowing	2,088,620	2,087,800	2,099,100
Further net pressures identified in year	0	37,000	0
	10,564,206	10,655,993	10,989,755
Net (Income)/Cost of Services	(2,173,168)	(2,081,381)	(2,370,646)
Transfer from Major Repairs Reserve	(850,780)	(850,780)	(778,000)
Interest Receivable	(16,850)	(16,850)	(30,020)
IAS19 Adjustment	(16,610)	(16,610)	(19,120)
Transfer from unapplied grants and contributions	0	(30,000)	0
Net Operating (Income)/Cost	(3,057,408)	(2,995,621)	(3,197,786)
CONTRIBUTIONS			
Contribution to/(from) Piper Alarm Reserve	10,400	10,400	10,400
Contribution to/(from) Service Improvement Reserve	50,000	50,000	(20,000)
Contribution to Pension Reserve	3,910	3,910	3,520
Revenue Contributions to Capital Outlay	0	15,500	0
Contributions from Reserves / Carry Forwards	0	(41,333)	0
Transfer to Major Repairs Reserve	0	0	800,000
Contribution to Regeneration Reserve	2,922,017	3,232,017	2,467,150
Contribution from Regeneration Reserve	0	(23,311)	0
(Surplus) / Deficit	(71,081)	251,562	63,284
Relevant Year Opening Balance at 1st April	(775,419)	(1,155,596)	(904,034)
Relevant Year Closing Balance at 31st March	(846,500)	(904,034)	(840,750)

Appendix 2

	2014/15 ORIGINAL ESTIMATE £	2014/15 LATEST ESTIMATE £	2015/16 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT			
Administration			
Employee Costs	341,060	408,986	362,350
Transport Related Expenditure	7,250	7,250	7,250
Supplies & Services	119,840	119,840	121,710
Central Administrative Expenses	246,300	246,300	261,850
Further savings in year	0	(118,000)	0
Total Housing Repairs Administration	714,450	664,376	753,160
Programmed Repairs	558,600	556,210	560,230
Responsive Repairs	1,202,655	1,269,989	1,202,655
GROSS EXPENDITURE	2,475,705	2,490,575	2,516,045
Contribution from HRA	(3,192,165)	(3,192,165)	(3,192,165)
Interest on Cash Balances	0	0	0
Interest on Borrowing	0	0	0
Other Income	(2,010)	(2,010)	(2,010)
IAS19 Adjustment	(4,030)	(4,030)	(3,580)
TOTAL INCOME	(3,198,205)	(3,198,205)	(3,197,755)
Contribution to HRA Reserves	720,000	720,000	778,000
Carry forwards	0	(100,000)	0
NET EXPENDITURE / (INCOME)	(2,500)	(87,630)	96,290
Relevant Year Opening Balance at 1st April	(237,374)	(483,255)	(570,885)
Relevant Year Closing Balance at 31st March	(239,874)	(570,885)	(474,595)

Appendix 3

	Opening balance - 1st April 2014	Items in 2014/15 Original Budget	Supplementary Budgets - Revenue	Final Capital Programme forecast	Revised Balance - 31st March 2015	Transfer to reserves	Revenue spend	Capital spend	Forecast Balance 31st March 2016
						2015/2016	2015/2016	2015/2016	
	£	£	£	£	£	£	£	£	£
Piper Alarm Reserve	(137,811)	(10,400)	0	0	(148,211)	(10,400)	0	0	(158,611)
Communal Furniture Reserve	(4,913)	0	0	0	(4,913)	0	0	0	(4,913)
Regeneration Reserve	(4,384,967)	(3,642,017)	(1,900,000)	1,986,949	(7,940,035)	(3,245,150)	0	4,034,346	(7,150,839)
Repayment Reserve	(1,900,000)	0	1,900,000	0	0	0	0	0	0
Service Improvement Reserve	0	(50,000)	0	0	(50,000)	0	20,000	0	(30,000)
Pension Contribution Reserve	(28,820)	0	0	0	(28,820)	0	0	0	(28,820)
Total	(6,456,511)	(3,702,417)	0	1,986,949	(8,171,979)	(3,255,550)	20,000	4,034,346	(7,373,183)



COUNCIL - 19TH FEBRUARY 2015

RE: CAPITAL PROGRAMME 2014/2015 TO 2017/2018 REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To approve the Capital Programme for the years 2014/2015 – 2017/2018.

2. RECOMMENDATION

- 2.1 That Council approve the Capital Programme for the years 2014/2015 – 2017/2018.

3. BACKGROUND TO THE REPORT

- 3.1 Capital expenditure is essentially expenditure that results in the creation of an asset that has a life expectancy of more than one year and where use of the asset will result in benefits in future years. Capital expenditure may be used to generate assets for the Council's own use or to provide support for third party capital enhancements.

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

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

- 3.3 The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets. At the same time, the Programme is an integral element of the financial planning procedures of the Council and forecasts how the Council will deliver key projects affordably and within relevant Prudential Limits. The Programme should therefore be read in

conjunction with these documents, alongside the Council's Corporate Asset Management Strategy and Housing Revenue Account Investment Plan.

- 3.4 The Capital Programme is prepared in conjunction with budget holders and Chief Officers. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Chief Officers and the Strategic Leadership Board. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.5 The overall Capital Programme for 2014/2015 – 2017/2018 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

Proposed Capital Programme – General Fund

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

The Crescent

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

Hinckley Leisure Centre

- 3.10 The current Leisure Centre building on Coventry Road was opened in 1975 and reached the end of its design life in 2014. Council approved the decision in November 2012 to proceed with the procurement of a Partner (or Partners) to develop a new Leisure Centre and deliver the ongoing management of the Centre. Having considered all of the alternatives, Council agreed to relocate the Leisure Centre to the former Council Offices location on Argents Mead.
- 3.11 The preferred bidder (DC Leisure, now re-named Places For People Leisure Management Ltd) for the New Leisure Centre was approved by Council on 21st

January 2014 and the contract signed with Places For People Leisure Management Ltd on 24th September 2014.

3.12 The final agreed scheme has an estimated capital cost of £15.2million (including consultancy fees already incurred). This amount includes the cost of ground works required on the Leisure Centre site and also the cost of a moveable floor in the main pool which was approved by Council on 2nd September 2014. Based on the current development programme, completion of the Leisure Centre is expected in October 2015.

3.13 The capital cost of the final scheme will be expended and financed as follows:

	2014/2015	2015/2016	2016/2017	Total
	£	£	£	£
Expenditure	4,644,030	9,849,841	705,890	15,199,761
<i>Financed from:</i>				
Leisure Centre Reserve	4,066,545	0	0	4,066,545
Capital Receipts	577,485	1,722,522	0	2,300,000
Temporary Financing	0	3,235,814	0	3,235,814
Long Term Borrowing	0	4,891,505	705,890	5,597,395
Total financing	4,644,030	9,849,841	705,890	15,199,761

3.14 The capital receipts noted in the table above mainly relate to the proceeds from the sale of the current depot site on Middlefield Lane, assuming this land is not gifted to a Local Housing Company. The receipt for this site (forecast to be around £2million) is expected to be received before the end of 2014/2015. The balance relates to miscellaneous sales. Whilst the receipts from the sale of Block C of the Crescent (see section 3.10) and the current Leisure Centre site will not directly finance the cost of the new facility, they will be used to repay the temporary financing above. It is therefore important to ensure that both receipts are received by June 2016 to ensure that this financing does not extend to over 1 year and therefore attract Minimum Revenue Provision costs.

3.15 Any cost of financing the new facility will reduce the management fee payable by Places For People Leisure Management Ltd to the Council (£899,293 gross on average). Assuming that the financing profile above is achieved, it is forecast that an average net management fee of £465,064 will be achieved. Any delay in capital receipts or increases in interest rates will reduce this income for the General Fund.

3.16 The Programme also includes the capital cost of demolishing the current Leisure Centre building, details of which are provided in 3.22.

Regional Growth Funding

3.17 During 2012/2013, the Secretary for State for Business Innovation and Skills (BIS) confirmed that Hinckley and Bosworth Borough Council would receive £19,474,000 in Regional Growth Funding (RGF) to support the development of the MIRA Enterprise Zone and wider economy. This funding has subsequently been reduced to £17,671,000 as the difference (£1,803,000) has now been transferred to be spent directly by the Highways Agency as "Pinchpoint" funding.

3.18 Both streams of funding will be spent in conjunction with MIRA, the Highways Agency and Highways Authorities to provide enhanced highway capacity on the A5 around the Zone and other sustainable transport initiatives. In addition, elements of the funding have been provided to fund the relocation of a substation on the current site and also to support sustainable transport links for the Zone.

- 3.19 The capital works associated with this project are due to conclude in 2014/2015. The £179,230 included in the Programme relates to retention works that will be paid to the main contractor during 2015/2016.

Hinckley Squash and Rackets Club

- 3.20 Following Council approval on 1st July 2014, Hinckley and Bosworth Borough Council will fund the land acquisition and construction costs of a new squash facility for Hinckley Squash and Rackets Club (HSRC). The cost of this scheme will be financed by the Compulsory Purchase Order (CPO) payments due to HSRC for moving from their current site as well as £110,000 of HSRC's own cash. In both cases, the funds have been passed to Hinckley and Bosworth Borough Council to expend and therefore the scheme is included as fully funded in the Programme.
- 3.21 The contracts for the transaction were signed by all parties on 14th November 2014. The scheme has a 40 week build programme and is expected to be completed by summer 2015. On completion the Council will grant a 125 year peppercorn lease to the HSRC, after which the land and building will be transferred to HSRC for a nominal sum.

New Schemes

- 3.22 Following review of submitted proposals, the following new schemes from 2015/2016 onwards have been included in the Programme for approval:

	2014-2015	2015-2016	2016-2017	2017-2018	Total
	£	£	£	£	£
Leisure Centre Demolition- Costs associated with the demolishing the current Leisure Centre ahead of disposal. This includes the cost of carrying out in depth ground conditions and archeological surveys to ensure that the site is appropriate for sale.					
Total Annual Expenditure (ALL HBBC)	10,000	100,000	370,000	0	480,000
Additional Bins - Additional bins required because of increased numbers of properties in the Borough. This budget has been included within the "Waste Management Receptacle" budget scheme in section 1 of the Appendix.					
Total Annual Expenditure (ALL HBBC)	0	24,590	39,870	46,690	111,150
Block C Fit Out - The capital cost of fitting out the 9 retail and leisure units in Block C of The Crescent development in order to attract tenants. The cost of this work will be funded from the Masterplan Reserve.					
Total Annual Expenditure (ALL HBBC)	0	99,770	0	0	99,770
Channel Shift- Costs associated with rolling out the Council's Channel Shift Strategy. This initiative aims to create effective and efficient channels that are most appropriate for customers and organisations. The Council has secured Government funding to finance this scheme of £694,000, elements of which will be passported to other Councils in the ICT Partnership to facilitate their strategy.					
Total Annual Expenditure (Grant Funded)	20,000	694,000	0	0	714,000

E Budget Module - Cost of implementing a budget monitoring module within the current financial ledger. This will allow for more effective and efficient budget monitoring.					
Total Annual Expenditure (ALL HBBC)	0	22,000	0	0	22,000
Software Windows Upgrade -Cost associated with upgrading the Council's Microsoft software. This work is essential in order to ensure the Council's software is supported and is up-to-date.					
Total Annual Expenditure (ALL HBBC)	0	60,000	20,000	60,000	140,000
CCTV –Cost of upgrading current CCTV equipment in the town centre. The Council will seek contributions from partners for elements of this cost.					
Total Annual Expenditure	0	72,000	0	0	72,000
Less Partner Contribution	0	(18,000)	0	0	(18,000)

Potential Schemes

3.23 In order to promote growth and investment in the local economy, the Council is continuing to look for further opportunities for capital investment. The following two projects are currently being investigated for inclusion in the Programme going forward:

- Capital investment into creative industries projects within the town centre. It is envisaged that Heritage Lottery will be contacted to establish the availability of funding to support such projects
- The set up of a Local Housing Company owned solely by the Council to deliver new housing in the Borough. This Company will be financed from the General Fund on commercial terms and will provide an interest return as well as contributing towards running cost incurred by the Council. In the longer term, assets built by the Company will either be retained to be rented on a commercial/affordable basis or sold on the open market to generate receipts for reinvestment in new stock. If this Company is set up, the Council may opt to gift the former depot and current Leisure Centre site to the Company and borrow in lieu of these receipts.

3.24 Updates on all projects, along with the budget impact will be brought to members in due course

Existing schemes

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

- The General Renewals budget has been reduced by £18,000 in 2015/2016 to reflect the reduction in demand for works given the age of the Council's new office buildings.
- Parish and Community Initiative Grants have been retained at £100,000 following approval by Council in September 2014 not to increase these contributions.
- Changes in the allocation method for Disabled Facilities Grant are being proposed by Central Government from 2016/2017 onwards. The impact of these changes on the Programme will be considered upon publication from Government.

3.26 The proposed Capital Programme for the Housing Revenue Account (the HRA Programme) is included in Section 5 of the Appendix. The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan which was approved by Council in July 2013. These were:

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

Stock Enhancement/Investment

3.27 £15,334,850 of investment has been proposed over the life of the HRA Programme into existing stock. The sequence of these works is based on the outputs of the most recent stock condition survey.

3.28 Included in this budget is £620,000 of kitchen and bathroom “enhancement” works which will fund additional kitchen and bathroom refurbishments and give tenants additional bathroom location and equipment options.

3.29 The Programme also includes £350,000 for sheltered scheme enhancements. In 2014/2015 this budget related to internal decorations but going forward will also fund alterations to a number of the Council’s the old warden houses to increase capacity.

Affordable Housing

3.30 The original proposed HRA Investment Plan included £10,000,000 over the next four years for investment in New Affordable housing. This is a key priority for this Council in the medium to long term to improve housing supply in the Borough.

3.31 At the date of drafting this report, there are two schemes have been confirmed within the Affordable Housing arm of the Programme. These are:

- Dragons Lane, Newbold Verdon - The purchase of four units of two bedroom affordable housing to be owned and managed by the Council. The properties are part of a section 106 obligation on behalf of Bloor Homes.
- Southfield Road Hinckley - A development in partnership with Westleigh Homes and Nottingham Community Housing Association for the development of 68 units of affordable housing. The Council will own and manage 30 of these units, comprising of 12 one bed flats, 8 two bed houses, 5 three bed houses and 5 two bed bungalows, all for affordable rent.

Financing

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

- Contributions from the Major Repairs Reserve for the cyclical stock programmes
- Use of the HRA “Regeneration Reserve” which has been set up following the introduction of self financing
- Use of Right to Buy Receipts obtained from the sale of HRA properties

Funding Implications

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

Capital Receipts Reserve

3.34 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. Based on current expenditure proposals, all receipts will be quickly used for financing expenditure and therefore the timings of these receipts are crucial to achieve prudent capital investment:

	2014/15	2015/16	2016/17	2017/18
	£	£	£	£
Opening Balance	1,384,000	1,305,611	1,968,595	1,292,476
In Year Receipts	1,485,000	2,600,000	2,600,000	400,000
Repayment of Debt Leisure Centre	0	0	(3,235,814)	
In Year Application (Non Leisure Centre)	(985,904)	(214,494)	(40,305)	(431,305)
In Year Application Leisure Centre	(577,485)	(1,722,522)	0	0
Closing Balance	1,305,611	1,968,595	1,292,476	1,261,171

3.35 Receipts assumptions are based on the following:

	2014/15	2015/16	2016/17	2017/18
	£	£	£	£
Right to Buys	450,000	300,000	300,000	300,000
Depot Site	0	2,200,000	0	0
Stoke Rd	1,035,000	0	0	0
Misc. Sales	0	100,000	100,000	100,000
Bus Station	0	0	0	0
Leisure Centre	0	0	2,200,000*	0
Total Receipts	1,485,000	2,600,000	2,600,000	400,000

*This gross receipt is offset by the cost of demolishing the old Leisure Centre as outlined in 3.22 and therefore the "net" receipt payable to the Council is estimated to be £1.7million - £1.8million

Borrowing

3.36 As outlined in section 3.2, the Council is permitted to borrow within approved limits to finance capital expenditure. This "authorised limit" is recommended as part of the Treasury Management Policy and Prudential Indicators each year and is based on the level of borrowing that is recommended by the s151 officer as being sustainable, affordable and prudent.

3.37 The total borrowing for the General Fund Programme is detailed below. In addition, the Council has loans of £67,652,000 within the Housing Revenue Account relating to the self financing settlement. These will start being repaid in 2019/2020.

	2014/15	2015/16	2016/17	2017/18
	£	£	£	£

General Borrowing	257,881	624,025	963,855	233,855
Leisure Centre Borrowing	0	4,891,505	705,890	0
Leisure Centre Temporary Financing	0	3,235,814	0	0
Crescent Borrowing	0	4,500,000	0	0
Total General Fund Borrowing	257,881	13,251,344	1,669,745	233,855

- 3.38 In line with relevant accounting standards, the Council is required to budget for the cost of borrowing, to include any interest payable and also a provision for the repayment of debt (the Minimum Revenue Position). Based on the current borrowing need detailed in the Programme, the additional cost of borrowing has been calculated as follows:

	2014/15	2015/16	2016/17	2017/18
	£	£	£	£
Borrowing	9,026	191,110	215,818	33,313
MRP	(44)	(9,538)	137,678	46,307
Total	8,982	181,572	353,496	79,620

- 3.39 Further details of the Council's borrowing limits and indicators will be outlined in the 2015/2016 Treasury Management Policy.

Use of Reserves

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

	Use of Reserves	Forecast balance	Use of Reserves	Use of Reserves	Use of Reserves
	2014/2015	31 st March 2015	2015/2016	2016/2017	2017/2018
	£	£	£	£	£
General Fund					
Waste Management Reserve	(96,555)	(632,810)	(131,590)	(71,870)	(78,690)
ICT Reserve	(57,000)	(155,500)	(117,000)	(60,000)	(60,000)
Transformation Reserve	(20,000)	(259,120)	(22,000)	0	0
Masterplan Reserve	0	(203,000)	(99,770)	0	0
Leisure Centre Reserve	(4,066,545)	0	0	0	0
Total General Fund	(4,240,100)	-	(370,360)	(131,870)	(138,690)
Housing Revenue Account					
Regeneration Reserve	(1,986,949)	(7,940,035)	(4,034,346)	(4,336,693)	(4,247,230)

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

4. FINANCIAL IMPLICATIONS [KP]

Contained within the body of the report.

5. LEGAL IMPLICATIONS [EH]

- 5.1 The Council is legally required to set a balanced 3 year capital program.

- 5.2 Whilst there are no implications arising directly from the recommendation of this report there are some legal considerations which should be noted:
- 5.3 In relation to the property transactions identified within the report, relevant officers will need to ensure that authority is obtained from Council for any acquisition or disposal of land. This applies in relation to the Affordable Housing purchases detailed within the body of the report.
- 5.4 Any contracts will need to be dealt with in accordance with the constitution and all relevant authorities for spending secured as necessary.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

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

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

8. RISK IMPLICATIONS

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	The financial position of the Council becomes more challenging. Members made the decision at full Council on 2nd September 2014 to add to the specification of the swimming pool in the new Leisure Centre. This will add a further £500K to £705K to the cost of the Leisure centre (this is in addition to the £1m cost of the ground remediation work that was previously reported). This now takes the total cost of construction to just over £15m. The cost of the ground works and the moveable floor has resulted in a shortfall in capital funding which has been met through utilisation of the Hub rental reserve (£1m) and by borrowing. The total impact on the Revenue funding is a further strain of just over £130K for 2015/16. This together with the known circa	Sanjiv Kohli

	<p>16.8% reduction in RSG and reductions in budgets by the County Council having a direct impact on this Council's budgets means that the shortfall in funding for 2015/16 exceeds £500,000 and for 2016/17 could increase to £1.2m with further removal of dry recycling credits by LCC. Meetings have taken place with the ruling (Lib Dem) group and Middle Managers to identify areas for savings and additional revenue generation. A key decision has been made by Council to withdraw the 25% of NHB support given to Parish Councils from 2015/16 but to carry on with the LCTS support to Parishes. This decision means that the Borough Council's budgets will be better off by over £350K. Further support has been demonstrated by the ruling group over introducing new charges e.g charge for pre-application planning advice for domestic planning applications and a charge for replacement bins that have been damaged by residents. Also considering introducing a charge for green waste recycling</p>	
<p>S.37 - Non delivery of capital projects which are interdependent</p>	<p>Members made the decision at full Council on 2nd September 2014 to add to the specification of the swimming pool in the new Leisure Centre. This will add a further £500K to £705K to the cost of the Leisure centre (this is in addition to the £1m cost of the ground remediation work that was previously reported). This now takes the total cost of construction to just over £15m. The cost of the ground works and the moveable floor has resulted in a shortfall in capital funding which has been met through utilisation of the Hub rental reserve (£1m) and by borrowing. This has meant that the Council can no longer consider the following capital schemes that were being considered:</p> <ul style="list-style-type: none"> • Purchase/development of staff car park (est £900K) • Purchase of HUFC • Purchase/rescue of Springfield Park (not quantified) • Resolution of Klondyke <p>Meetings have taken place with the ruling (Lib Dem) group and Middle Managers to identify areas for savings and additional revenue generation. A key decision has been made by Council to withdraw the 25% of NHB support given to Parish Councils from 2015/16 but to carry on with the LCTS support to Parishes. This decision means that the Borough Council's budgets will be better off by over £350K. Further support has been demonstrated by the ruling group over introducing new charges e.g charge for pre-application planning advice for domestic planning applications and a charge for replacement bins that have been damaged by</p>	<p>Sanjiv Kohli</p>

	residents. Also considering introducing a charge for green waste recycling.	
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9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

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

10. **CORPORATE IMPLICATIONS**

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

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

Background Papers:	Capital Estimates submissions
Contact Officer:	Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) (ext 5609)
Lead Member:	Cllr KWP Lynch

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CAPITAL ESTIMATES 2014/2015 to 2017/2018 GENERAL FUND SUMMARY

	TOTAL COST	ESTIMATE 2014-15	ESTIMATE 2015-16	ESTIMATE 2016-17	ESTIMATE 2017-18
	£	£	£	£	£
Expenditure					
SECTION 1 (Leisure and Environment)	16,468,720	4,985,350	10,196,600	992,920	293,850
SECTION 2 (Planning)	4,934,550	61,780	4,763,770	39,000	70,000
SECTION 3 (Central Services)	1,118,310	344,960	253,350	445,000	75,000
Housing (General Fund)	1,768,780	693,780	345,000	365,000	365,000
Expenditure Total	24,290,360	6,085,870	15,558,720	1,841,920	803,850
Financing					
General Financing					
Capital Receipts	1,672,008	985,904	214,494	40,305	431,305
Supported Borrowing GF	480,400	106,600	160,600	106,600	106,600
Unsupported Borrowing GF	1,599,216	151,281	463,425	857,255	127,255
Revenue Contribution to Capital	24,500	24,500	0	0	0
Contribution from reserves GF	814,475	173,555	370,360	131,870	138,690
Leisure Centre Financing					
Leisure Centre Reserve	4,066,545	4,066,545	0	0	0
Leisure Centre Capital Receipt	2,200,007	477,485	1,722,522	0	0
Leisure Centre Temporary Financing	3,235,814	0	3,235,814	0	0
Leisure Centre Borrowing	5,597,395	0	4,891,505	705,890	0
Capital Receipts	100,000	100,000	0	0	0
Crescent Financing					
Crescent Borrowing	4,500,000	0	4,500,000	0	0
Financing Total	24,290,360	6,085,870	15,558,720	1,841,920	803,850

SECTION 1

	TOTAL COST £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £	ESTIMATE 2017-2018 £
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	415,040	115,040	100,000	100,000	100,000
Parks Major works					
Total Annual Expenditure(ALL HBBC)	120,000	30,000	30,000	30,000	30,000
Richmond Park Play Area					
Total Annual Expenditure(ALL HBBC)	22,220	22,220	0	0	0
Burbage Common					
Total Annual Expenditure(ALL HBBC)	28,900	28,900	0	0	0
Woodland Grant Scheme					
Total Annual Expenditure	12,260	12,260	0	0	0
Forestry Commission Grant	(12,260)	(12,260)	0	0	0
HBBC Element	0	0	0	0	0
Tracking System					
Total Annual Expenditure(ALL HBBC)	9,560	9,560	0	0	0
Waste Vehicle					
Total Annual Expenditure(ALL HBBC)	75,000	0	75,000	0	0
Memorial Safety Programme					
Total Annual Expenditure(ALL HBBC)	23,080	7,600	5,160	5,160	5,160
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	575,150	128,000	136,590	151,870	158,690
Hinckley Squash Club					
Total Cost	1,000,720	1,000,720	0	0	0
Less Private Contributions	(1,000,720)	(1,000,720)	0	0	0
	0	0	0	0	0
Leisure Centre					
Total Annual Expenditure(ALL HBBC)	15,199,770	4,644,030	9,849,850	705,890	0
Green Spaces Delivery Plan					
Total Cost	930,090	173,690	244,620	425,000	86,780
Less Section 106 contributions	(336,580)	(48,920)	(80,350)	(135,530)	(71,780)
Less other private contributions	(460,470)	0	(161,000)	(289,470)	(10,000)
Less Special Expenses Area reserves	(133,040)	(124,770)	(3,270)	0	(5,000)
HBBC ELEMENT	0	0	0	0	0
TOTAL GROSS EXPENDITURE	18,411,790	6,172,020	10,441,220	1,417,920	380,630
LESS TOTAL CONTRIBUTIONS	(1,943,070)	(1,186,670)	(244,620)	(425,000)	(86,780)
TOTAL HBBC ELEMENT	16,468,720	4,985,350	10,196,600	992,920	293,850

SECTION 2

	TOTAL COST £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £	ESTIMATE 2017-18 £
Borough Improvements					
Total Annual Expenditure	209,650	59,650	50,000	50,000	50,000
Less Private contribution	(69,950)	(24,950)	(15,000)	(15,000)	(15,000)
HBBC Element	139,700	34,700	35,000	35,000	35,000
Car Park Resurfacing					
Total Annual Expenditure(ALL HBBC)	77,260	21,260	17,000	4,000	35,000
Rural Broadband					
Total Annual Expenditure(ALL HBBC)	58,000	0	58,000	0	0
Barwell Shop Front Improvements					
Total Annual Expenditure	6,698	0	6,698	0	0
Less Private contribution	(6,698)	0	(6,698)	0	0
HBBC Element	0	0	0	0	0
Depot Relocation					
Total Annual Expenditure	0	0	0	0	0
Total Annual Expenditure (ALL HBBC)	5,820	5,820	0	0	0
Public Realm Improvements					
Total Annual Expenditure	376,000	40,000	336,000	0	0
Less Private contribution	(376,000)	(40,000)	(336,000)	0	0
HBBC Element	0	0	0	0	0
Crescent Development					
Total Annual Expenditure (ALL HBBC)	4,500,000	0	4,500,000	0	0
CCTV System					
Total Annual Expenditure	72,000	0	72,000	0	0
Less Partner contribution	(18,000)	0	(18,000)	0	0
HBBC Element	54,000	0	54,000	0	0
Block C Fit Out					
Total Annual Expenditure (ALL HBBC)	99,770	0	99,770	0	0
TOTAL GROSS EXPENDITURE	5,405,198	126,730	5,139,468	54,000	85,000
LESS TOTAL CONTRIBUTIONS	(470,648)	(64,950)	(375,698)	(15,000)	(15,000)
TOTAL HBBC ELEMENT	4,934,550	61,780	4,763,770	39,000	70,000

SECTION 3

	TOTAL COST £	ESTIMATE 2014/15 £	ESTIMATE 2015/16 £	ESTIMATE 2016-2017 £	ESTIMATE 2017-2018 £
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	33,700	33,700	0	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	68,170	28,170	10,000	15,000	15,000
Rolling Server Review					
Total Annual Expenditure(ALL HBBC)	40,000	40,000	0	0	0
Financial System					
Total Annual Expenditure(ALL HBBC)	8,700	4,350	4,350	0	0
Council Office Relocation					
Total Annual Expenditure	7,000	7,000	0	0	0
Less Private contribution	0	0	0	0	0
HBBC Element	7,000	7,000	0	0	0
RGF - MIRA					
Substation and A5 improvements	12,518,720	12,339,490	179,230	0	0
Less Regional Growth Fund contribution	(12,518,720)	(12,339,490)	(179,230)	0	0
HBBC Element	0	0	0	0	0
Demolition of Argents Mead Offices					
Total Annual Expenditure(ALL HBBC)	75,890	75,890	0	0	0
Demolition of Depot					
Total Annual Expenditure(ALL HBBC)	47,000	47,000	0	0	0
New Election System					
Total Annual Expenditure(ALL HBBC)	21,850	21,850	0	0	0
MS Software					
Total Annual Expenditure (ALL HBBC)	114,000	57,000	57,000	0	0
Lesiure Centre Demolition					
Total Annual Expenditure(ALL HBBC)	480,000	10,000	100,000	370,000	0
Channel Shift					
Total Annual Expenditure	714,000	20,000	694,000	0	0
Less Grant funding	(694,000)	0	(694,000)		
HBBC Element	20,000	20,000	0	0	0
E budgeting					
Total Annual Expenditure(ALL HBBC)	22,000	0	22,000	0	0
Software Upgrade - Windows					
Total Annual Expenditure(ALL HBBC)	180,000	0	60,000	60,000	60,000
TOTAL GROSS EXPENDITURE	14,331,030	12,684,450	1,126,580	445,000	75,000
LESS TOTAL CONTRIBUTIONS	(13,212,720)	(12,339,490)	(873,230)	0	0
TOTAL HBBC ELEMENT	1,118,310	344,960	253,350	445,000	75,000

SECTION 4 GENERAL FUND HOUSING

	TOTAL COST £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £	ESTIMATE 2017-2018 £
Major Works Assistance					
HBBC ELEMENT	560,000	130,000	130,000	150,000	150,000
Minor Works Assistance					
HBBC ELEMENT	280,000	70,000	70,000	70,000	70,000
Private Sector Leasing Scheme					
HBBC ELEMENT	60,000	60,000	0	0	0
Disabled Facilities Grants					
Total Annual Expenditure	1,564,780	607,780	319,000	319,000	319,000
Less Government Grant	(696,000)	(174,000)	(174,000)	(174,000)	(174,000)
HBBC ELEMENT	868,780	433,780	145,000	145,000	145,000
Fuel Poverty and Green Deal Programme					
Total Annual Expenditure	72,430	72,430	0	0	0
Less Government Grant	(72,430)	(72,430)	0	0	0
HBBC ELEMENT	0	0	0	0	0
TOTAL GROSS EXPENDITURE	2,537,210	940,210	519,000	539,000	539,000
LESS TOTAL CONTRIBUTIONS	(768,430)	(246,430)	(174,000)	(174,000)	(174,000)
TOTAL HBBC ELEMENT	1,768,780	693,780	345,000	365,000	365,000

SECTION 5

CAPITAL ESTIMATES 2014/2015 to 2017/2018 HOUSING REVENUE ACCOUNT SUMMARY

Expenditure	TOTAL £	ESTIMATE 2014-2015 £	ESTIMATE 2015-2016 £	ESTIMATE 2016-2017 £	ESTIMATE 2017-2018 £
Stock Enhancement/Investment					
Sheltered Scheme Enhancements	350,000	35,000	115,000	100,000	100,000
Kitchen Improvements	2,423,150	634,100	607,050	591,000	591,000
Boiler and Heating Replacement	2,232,000	558,000	558,000	558,000	558,000
uPVC Door Replacement	128,000	32,000	32,000	32,000	32,000
Electrical Testing / Upgrading	2,240,000	500,000	580,000	580,000	580,000
Programmed Enhancements	1,342,330	361,550	340,780	320,000	320,000
uPVC Window Replacement	630,000	30,000	200,000	200,000	200,000
Re-roofing	252,000	63,000	63,000	63,000	63,000
Adaptations for Disabled People	1,523,350	297,250	403,640	411,230	411,230
Major Void Enhancements	3,024,020	916,020	748,000	680,000	680,000
Kitchens and Bathrooms Enhancements	620,000	120,000	200,000	300,000	0
Conversions to Flats	66,000	0	66,000	0	0
Exceptional Extensive items and Contingencies	504,000	0	0	252,000	252,000
Service Investment					
Housing Repairs Software system	57,210	37,210	20,000	0	0
Orchard System Upgrade	18,210	18,210	0	0	0
Tenant Led Community Projects	20,000	20,000	0	0	0
Neighbourhood Action Hub	15,500	15,500	0	0	0
Affordable Housing					
Dragons Lane	425,000	425,000	0	0	0
Southfields Road	2,750,000	0	2,750,000	0	0
Other Affordable Housing	6,825,000	0	215,537	3,199,463	3,410,000
Expenditure Total	25,445,770	4,062,840	6,899,007	7,286,693	7,197,230
Financing					
Major Repairs Reserve	10,400,000	2,000,000	2,800,000	2,800,000	2,800,000
Regeneration Reserve	14,605,218	1,986,949	4,034,346	4,336,693	4,247,230
Revenue Contributions to Capital Outlay	15,500	15,500	0	0	0
1:4:1 Receipts	425,052	60,391	64,661	150,000	150,000
Financing Total	25,445,770	4,062,840	6,899,007	7,286,693	7,197,230



COUNCIL - 19TH FEBRUARY 2015

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL
AUTHORITIES - SETTING OF PRUDENTIAL INDICATORS
2014/15 - 2017/18 AND TREASURY MANAGEMENT
STRATEGY 2014/15-17/18

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 This report outlines the Council's prudential indicators for 2014/15 - 2017/18 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

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

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

2. RECOMMENDATIONS

Members approve the key elements of these reports:

- 2.1 The Prudential Indicators and Limits for 2014/15 to 2017/18 contained within 3.31 & 3.32 of the report, including the Authorised Limit Prudential Indicator.
- 2.2 The Minimum Revenue Provision (MRP) Statement contained paragraphs 3.14 & 3.15 which set out the Council's policy on MRP.
- 2.3 The Treasury Management Strategy 2014/15 to 2017/18 and the Treasury Prudential Indicators (paragraph 3.23 onwards of the report)

- 2.4 The Investment Strategy contained in the Treasury Management Strategy and the detailed strategy in Appendix 1.

3. BACKGROUND TO THE REPORT

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

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

CIPFA defines treasury management as:

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

The Capital Prudential Indicators 2014/15 - 2017/18

Introduction

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

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

- 3.3 Within this overall prudential framework there is an impact on the Council's treasury management activity because it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 2014/15 to 2017/18 is included in section C to complement these indicators. Some of the prudential indicators are shown in the treasury management strategy to aid understanding.

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

The Capital Expenditure Plans

- 3.4 The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal)
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the council tax and rents);
- Practicality (e.g. the achievability of the forward plan).

3.5 The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.

3.6 This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.

3.8 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.

3.9 The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

Table 1

Capital Expenditure £'000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non-HRA	5,970	19,923	17,226	2,456	1,080
HRA	3,150	4,063	6,899	7,287	7,197
Total	9,120	23,986	24,125	9,743	8,277
Financed by:					
Capital receipts	1,221	1,624	2,002	190	581
Capital grants	3,854	13,837	1,668	614	276
Capital reserves	3,050	8,227	7,205	7,269	7,186
Revenue	632	40	0	0	0
Net financing need for the year	363	258	13,250	1,670	234

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

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

3.11 The Council is asked to approve the CFR projections below:

Table 2

£'000s	Actual 2013/14	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Capital Financing Requirement					
CFR - Non Housing	24,569	24,301	37,035	34,725	34,259
CFR - Housing	70,320	70,320	70,320	70,320	70,320
Total CFR	94,889	94,621	107,355	105,045	104,579
Movement in CFR	363	-268	12,734	-2,310	-466

Movement in CFR represented by					
Net financing need for the year (above)	363	258	13,250	1,670	234
Less MRP/ VRP and other financing movements	0	526	516	3980	700
Movement in CFR	363	-268	12,734	-2,310	-466

3.12 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). No revenue charge is required for the HRA.

3.13 CLG Regulations have been issued which require full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

Minimum Revenue Provision (MRP) Policy Statement.

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

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

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

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

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

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

The Use of the Council's Resources and the Investment Position

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

Table 3

£'000	Actual 2013/14	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Fund balances	3,362	2,054	2,140	2,040	2,040
Capital receipts	1,386	1,306	1,968	1,292	1,261
Earmarked reserves	13,519	12,348	10,892	9,065	7,385
Provisions	500	500	500	500	500
Contributions unapplied	1,520	500	500	500	500
Total Core Funds	15,829	16,708	16,000	13,397	11,685
Working Capital*	1,000	1,000	1,000	1,000	1,000
Under borrowing	14,829	15,708	15,000	12,397	10,686
Expected Investments	0	0	0	0	0

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

Affordability Prudential Indicators

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

Table 4

%	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non-HRA	5.79	4.94	7.61	8.05
HRA	40.1	37.0	37.0	37.0

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

Table 5

Incremental impact of capital investment decisions on the Band D Council Tax

£	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Council Tax - Band D	£0.03	-£0.27	£3.87	£1.30

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

Table 6

Incremental impact of capital investment decisions - Housing Rent levels.

£	Latest Budget 2014/15	Forward Projection 2015/16	Forward Projection 2016/17	Forward Projection 2017/18
Weekly Housing Rent levels	-£0.01	-£0.01	-£0.01	-£0.01

Treasury Management Strategy 2014/15 - 2015/16

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

This strategy covers:

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

BORROWING

- 3.27 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy
- 3.28 The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 7

£'000	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
External Debt				
Debt at 1 April	94,889	94,621	107,355	105,045
Expected change in debt	-268	12,734	-2,310	-466
Debt at 31 March	94,621	107,355	105,045	104,579

- 3.29 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

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

- 3.30 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

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

Treasury Indicators: limits to borrowing activity

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

Table 8

Operational boundary £000's	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Debt	94,621	107,301	104,991	104,525
Total	94,621	107,355	105,045	104,579

- 3.32 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Table 9

Authorised limit £000s	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
General Fund	25,301	38,035	35,725	35,259
Bus Station Temporary Borrowing	14,000	0	0	0
HRA	71,915	71,915	71,915	71,915
Total	111,216	109,950	107,640	107,174

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

HRA Debt Limit £m	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
HRA debt cap	72.0	72.0	72.0	72.0
HRA CFR	70.3	70.3	70.3	70.3
HRA headroom	1.7	1.7	1.7	1.7

3.33 Expected Movement in Interest Rates

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

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

A detailed economic commentary is given in Appendix 3

BORROWING STRATEGY 2014/15 - 2017/18

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

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

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

Borrowing In Advance

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

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

Debt Restructuring

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

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 3.38 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

INVESTMENT STRATEGY

3.39 Introduction: changes to credit rating methodology

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

- 3.40 It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.
- 3.41 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that we have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, we will continue to utilise CDS prices as an overlay to ratings in our new methodology.

Investment Policy

- 3.42 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
- 3.43 In accordance with the above guidance from the Welsh Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 3.44 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
- 3.53 As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

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

Investment instruments identified for use in the financial year are listed in Appendix 1 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

- 3.54 **Creditworthiness Policy** The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- **It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and**
 - **It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.**

- 3.55 The Deputy Chief Executive (Corporate Direction) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 3.57 The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, and the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions. Additional background in the approach taken is attached at Appendix 2
- 3.59 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

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

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

- i) **Short Term** – F1
 - ii) **Long Term** – A
- **Banks 2 – Part Nationalised UK Banks** (Lloyds Banking Group & Royal Bank of Scotland) – These banks will be included if they continue to be part nationalised or they meet the ratings criteria in Bank 1 above.
 - **Banks 3** - The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
 - **Bank Subsidiary and treasury operations** – the Council will use these where the parent bank has the necessary ratings outlined above or has provide an appropriate guarantee.
 - **Building Societies** – the Council will use all Societies which:
 - i) meet the ratings for banks outlined above
Or are both:
 - ii) Eligible Institutions; and
 - iii) Have assets in excess of £500m.
 - **Money Market Funds** – AAA

- **Enhanced Money Market Funds.**
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**
- **Property fund and Corporate Bonds** – The Council will these funds if they meet the creditworthiness criteria. No decision will be made on the use of these funds without Council approval.

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

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

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

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

	Fitch (or equivalent)	Money Limit	Time Limit
Bank 1 Category	AAA	£5m	1yr
Bank 2 Category	AA	£5m	3yrs
Bank 3 Councils Own Bank	A	£4m	2yrs
Other Institution Limits	-	£2m	1yr
Local Authorities	N/A	£3m	1yr
Money Market Funds	AAA	£5m	liquid
DMADF	N/A	£5m	6 months

Annual Investment Strategy Approach 2014/15 – 2017/18

3.63 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

2015/16	0.75%
2016/17	1.25%

2017/18	2.00%
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There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

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

2015/16	0.60%
2016/17	1.25%
2017/18	1.75%
2018/19	2.25%
2019/20	2.75%
2020/21	3.00%
2021/22	3.25%
2022/23	3.25%
Later years	3.50%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

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

2014/15	0.50%
2015/16	1.25%
2016/17	1.50%
2017/18	2.50%

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

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

Maximum principal sums invested > 364 days			
£m	2015/16	2016/17	2017/18
Principal sums invested > 364 days	£0	£0	£0

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

- 3.65 These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and

amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

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

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

iii. **Liquidity** – In respect of this area the Council seeks to maintain:

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

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

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

Performance Indicators

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

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

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

Treasury Management Advisers

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

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

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

4 FINANCIAL IMPLICATIONS (IB)

These are contained in the body of the report.

5 **LEGAL IMPLICATIONS (EH)**

These are contained in the body of the report.

6 **CORPORATE PLAN IMPLICATIONS**

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

7 **CONSULTATION**

None.

8 **RISK IMPLICATIONS**

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

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

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

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

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

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

10 **CORPORATE IMPLICATIONS**

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

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

Background Papers

Capital Programme 2014/15 to 2017/18

The CIPFA Prudential Code

Treasury Management Policy

Revenue Budget 2015/16

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr KWP Lynch

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

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

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

	Non Specified Investment Category	Limit (£)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>AAA long term ratings</p> <p>£3m</p> <p>£3m</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£3m
c.	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	£4m
d.	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £500m, but will restrict these type of investments to £2m</p>	£2m
e.	<p>Any bank or building society that has a minimum long term credit rating of A, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
f.	<p>Any non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a limit of £2m for a period of 6 months</p>	£2m

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

Security, Liquidity and Yield Benchmarking

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

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

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

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

- Investments - Internal returns above the 7 day LIBID rate

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

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

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

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

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

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

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

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

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

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

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

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

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

Economic Background

UK. After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting and particularly of manufactured goods, both of which need to substantially improve on their recent lackluster performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Federal rate will occur by the middle of 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that

a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.



COUNCIL – 19 FEBRUARY 2015

HINCKLEY AND BOSWORTH LOCAL PLAN – LOCAL DEVELOPMENT SCHEME 2015 - 2018 REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to set out the requirements for and to seek approval to a revised Local Development Scheme (LDS).

2. RECOMMENDATION

- 2.1 To request that Council:

- Note the requirements for a review of the existing Local Development Scheme;
- Approve the revised Local Development Scheme 2015 - 2018.

3. BACKGROUND TO THE REPORT

- 3.1 A Local Development Scheme (LDS) is essentially each Local Planning Authority's (LPA) project plan for the preparation of Local Development Documents (LDDs) in accordance with the requirements of the Planning and Compulsory Purchase Act 2004.
- 3.2 LDDs can be either Development Plan Documents (DPDs) or Supplementary Planning Documents (SPDs) The Core Strategy, Area Action Plans, and any document which includes a site allocations policy, are prescribed as DPDs
- 3.3 These documents make up the Local Development Framework which is, effectively, a folder of the LDDs which provide the framework for delivering spatial planning strategy in the Borough.
- 3.4 At present, the Local Plan (2006 – 2026) for the Borough comprises the following local development documents (LDDs):
- i. the 'saved' policies of the Hinckley & Bosworth Local Plan (adopted 2001);
 - ii. the Core Strategy (adopted 2009);
 - iii. the Hinckley Town Centre Area Action Plan (adopted 2011);
 - iv. the Earl Shilton and Barwell Area Action Plan (Adopted September 2014).
 - v. a number of supplementary planning documents, and
 - vi. will include the emerging Site Allocations and Development Management Policies DPD and the Gypsy and Traveller Allocations DPD
- 3.5 The Planning and Compulsory Purchase Act (PCPA) 2004 requires the Council, as the Local Planning Authority (LPA), to prepare and maintain its LDS and to revise it at such time as it considers appropriate.
- 3.6 The Localism Act 2011 and the NPPF have introduced changes which need to be reflected in the Council's LDS.
- 3.7 The existing Local Development Scheme was published in December 2013 (approved at Council 3 December 2013). The 2013 LDS programme sets out the key dates for the preparation and adoption of the remaining LDDs:

Table 1: Key dates for emerging LDDs (LDS 2013)

Local Development Document	Programmed date for Submission	Programmed date for Adoption
Site Allocations and Development Management Policies DPD	August 2014	June 2015
Earl Shilton and Barwell Area Action Plan	December 2013	July 2014
Gypsy and Traveller Allocations DPD	February 2016	October 2016

4 REVIEWING THE 2013 LDS PROGRAMME

4.1 Against the existing key dates set out in Table 1, a summary of the progress for each of the documents is set out below.

- i. **The Site Allocations DPD** was due for submission in August 2014. In light of the representations received it was necessary to make modifications to the DPD in order to reduce the possibility of the Planning Inspector finding the document unsound when it is considered at examination. Due to the nature of those changes it was necessary to consult upon the modifications proposed prior to submission, the consultation period was from 8 December 2014 to 30 January 2015.
- ii. **The Earl Shilton and Barwell AAP** was programmed for submission in December 2013, the Council met this deadline. The AAP was then heard by a Planning Inspector at an Examination in Public in March / April 2014 and was subsequently adopted in September 2014. The adoption date was later than programmed due to the requirement to consult on main modifications which was required by the Planning Inspector.
- iii. **The Gypsy and Traveller Allocations DPD** was programmed to begin in October 2013. The Borough Council approved an update Gypsies and Travellers Accommodation Needs Assessment (GTAA) at Executive (11 September 2013). The Council have made significant progress towards meeting this need within the borough by permitted suitable sites. An update to the GTAA is programmed for early 2015, the results will be used to inform the Gypsy and Traveller Allocations DPD.
- iv. The **Hinckley and Bosworth Local Plan Review** was programmed to commence in December 2014, work on the evidence to inform the plan has started in the form of a Strategic Housing Market Assessment which was completed in June 2014. Significant work was not started on the Local Plan in December 2014 as it was decided to focus resources on the completion of the Site Allocations and Development Management Policies DPD as a further round of consultation was required on the document prior to submission, which was not foreseen when the timetable was compiled.

5 REVISED LOCAL DEVELOPMENT SCHEME PROGRAMME

5.1 Appendix 1 sets out the draft Local Development Scheme, including the programme for the completion of the documents which will form the 'Local Plan 2006-2026' and for the initial preparation of an updated Local Plan. It is considered that a review of the Local Plan could be adopted by the end of the summer 2018. The NPPF states that a Local Plan should be drawn up over an appropriate time scale, preferably over a 15-year period. This would be consistent with other periods of review to adapt to changing legislation such as the Hinckley and Bosworth Local Plan adopted in 2001 and the Core Strategy adopted in 2009.

5.2 The Site Allocations and Development Management Policies DPD is in the final stages of preparation, an additional round of consultation was required before submission which is explained above.

- 5.3 The LDS Programme retains the inclusion of a separate Gypsy and Traveller Allocations DPD (G&TADPD). It is a statutory requirement for Local Authorities to plan for the provision of pitches for gypsy and travellers and pitch targets for travelling showpeople. It is considered that the Gypsy and Traveller Allocations DPD is informed by the emerging GTAA.
- 5.4 The inclusion of Neighbourhood Development Plans within the Local Development Scheme is not necessary as they are prepared by the community who dictate the timetable for preparation.
- 5.5 Whilst the Council has not entirely ruled out preparing a Community Infrastructure Levy Charging Schedule, a revised timetable for CIL has not been included within the LDS programme. However, this does not preclude a CIL charging schedule being prepared alongside a review of the Local Plan.

6. FINANCIAL IMPLICATIONS [KP]

- 6.1 The Council has in place an earmarked reserve to fund the costs associated with the production of all Local Plan documents. The balance of this reserve as at 1st April 2014 was £361,070. In accordance with the Medium Term Financial Strategy (MTFS), a transfer is made from General Fund balances annually based on the profile of expenditure for the following three financial years. A reforecast of the balance and transfers to/from reserves will be performed as part of the next iteration of the MTFS in March 2015

7. LEGAL IMPLICATIONS [MR]

- 7.1 None arising directly from this report.

8. CORPORATE PLAN IMPLICATIONS

- 8.1 The LDS sets out the programme for the preparation of the Borough Council's Local Plan. The documents comprising the Local Plan will contain policies and objectives contributing to the following aims of the Corporate Plan, which will be specified through individual reporting on each document.
- Creating a vibrant place to work and live.
 - Empowering communities.
 - Supporting individuals

9. CONSULTATION

- 9.1 The Local Plan would be prepared in accordance with 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.

- 10.3 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
The Site Allocations DPD and Gypsy and Traveller Allocations DPD are not considered legally compliant.	Ensure the publication and submission dates conform to the LDS.	Chief Planning and Development Officer
	Undertake legal compliance self-assessment prior to Submission.	Chief Planning and Development Officer

11. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 11.1 To set out a programme for the preparation of Local Plan for the Borough, identifying key stages for future consultation on the emerging and future planning framework.

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: Local Development Scheme 2015 – 2018
Local Development Scheme Programme 2015 - 2018

Contact Officer: Sally Smith, Ext.5792
Executive Member: Councillor Bray



**Hinckley & Bosworth
Borough Council**

A Borough to be proud of

Local Plan (2006 – 2026)

**Local Development Scheme
2015 - 2018**

February 2015

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1 INTRODUCTION

What is this document?

- 1.1 The Local Development Scheme (LDS) sets out the programme for preparing all of the documents (Local Development Documents) which form the Borough Council's Local Plan. This Local Development Scheme includes details of important opportunities where all those that live, work, visit or have an interest in the borough can be involved in this process to help shape the future of Hinckley and Bosworth.
- 1.2 This LDS is an update to the LDS published in December 2013. The LDS has been prepared in accordance with the requirements of the Planning and Compulsory Purchase Act 2004, the Localism Act 2011 and the Town and Country Planning (Local Planning) England Regulations 2012.
- 1.3 There is a Glossary of Terms in Appendix 2 to help readers with the range of new terms that have been introduced.

The Strategic Planning Context

- 1.4 Following on from the Planning and Compulsory Purchase Act 2004, further changes to the development plan system have been introduced through the Localism Act 2011 (see S180 of the 2008 Planning Act) and the publication of the National Planning Policy Framework, which provides the framework for making planning decisions. The phrase Local Plan is still with us, however since the 2012 regulations it can now, where justified, be made up of a number of Development Plan Documents.
- 1.5 The National Planning Policy Framework (NPPF) superseded a majority of the Planning Policy Guidance/Statements. The NPPF sets out the policy framework for preparing Local Plans and states that:

“Each LPA should produce a Local Plan for its area which can be reviewed in whole or in part to respond flexibly to changing circumstances. Any additional development plan documents should only be used where clearly justified. Supplementary planning documents should only be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development”.

Local Development Documents

- 1.6 All documents which comprise or support the delivery of the Local Plan are Local Development Documents.

Development Plan Documents

- 1.7 Development Plan Documents (DPDs) outline the Borough Council's policies for development within the borough. The DPDs carry the most weight for making decisions on planning applications. Development Plan Documents form part of the Statutory Local Plan, which will form the legal basis for all future planning decisions in the borough. DPDs form the 'Development Plan' for the borough in conjunction with any Neighbourhood Development Plans once made.
- 1.8 Whilst the NPPF encourages the delivery of a single 'Local Plan', a number of documents can comprise the Local Plan where any development plan documents (DPDs) are justified, where existing DPDs or 'saved' policies remain in force.

Supplementary Planning Documents

- 1.9 Supplementary Planning Documents (SPDs) are documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. SPDs are capable of being a material consideration in planning decisions but do not form part of the development plan.

Statement of Community Involvement

- 1.10 This Statement of Community Involvement (SCI) document sets out the standards to which the Local Planning Authority (LPA) will engage and consult the public and other stakeholders during the production of the Local Plan and when dealing with planning applications.

Authority Monitoring Report

- 1.11 The council is required to monitor annually how effective its policies and proposals are. An Authority Monitoring Report (AMR) will be published by the council each year to inform Local Development Scheme reviews and will be made available for public inspection.
- 1.12 As part of the monitoring process, the council will assess:
- Whether it is meeting, or is on target to meet, the milestones set out in the Local Development Scheme and, if not, the reasons why
 - What impact Local Development Documents are having on other national and locally set targets

- Whether any policies need to be reviewed or replaced to meet sustainable development objectives
 - What action needs to be taken if policies need to be replaced
- 1.13 As a result of monitoring, the council will consider what changes, if any, need to be made. If changes are appropriate, these will be brought forward through the review of the Local Development Scheme.

Neighbourhood Development Plans

- 1.14 A **Neighbourhood Development Plan** (NDP) is a plan prepared by a Parish, Town Council or Neighbourhood Forum for a particular area. An NDP can be used to set a shared vision for an area, shape and direct sustainable development and set policies to determine planning applications. NDPs will form part of the planning policy framework for the respective Neighbourhood Area where they are brought forward and must be in general conformity with the strategic policies of the Local Plan. As local planning authorities are not responsible for the preparation or timetabling of any NDPs that are proposed, they are not considered in this LDS.

Regulatory and Consultation Requirements

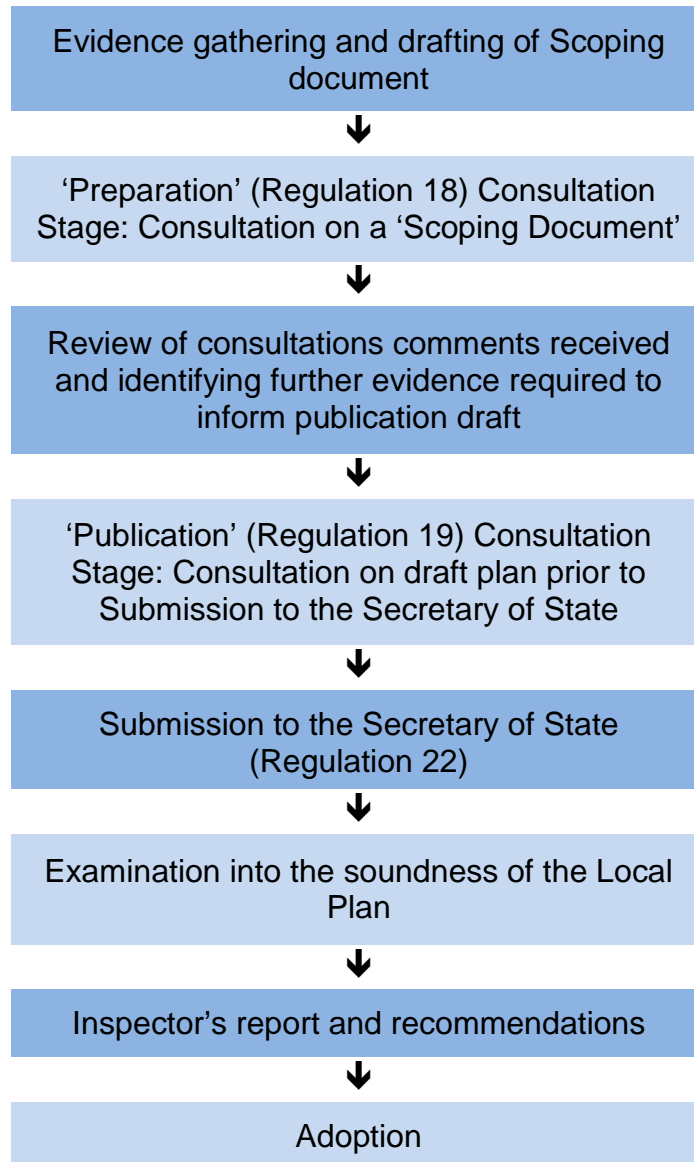
- 1.15 The Local Plan is to be prepared in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. The 2012 regulations now require the following formal consultation and notification stages prior to adoption (summarised in Figure 1):

Key Stages of Local Plan Preparation

- i **Preparation (Regulation 18) stage** – requires the LPA to notify and invite responses on the subject and contents of a local plan which the LPA proposes to prepare. The document takes the form of a scoping document and sets out the proposed matters and issues to be covered by the plan and seeks views on the contents of the plan including policy coverage and approach. The responses to the consultation will be used to inform the publication draft (Regulation 19) of the plan and identify any further evidence required. It is envisaged that this document would seek to draw upon the existing DPDs as basis for the consultation.
 - ii **Publication (Regulation 19) stage** – requires consulting on a draft of the plan prior to it being submitted to the Secretary of State for independent examination.
 - iii **Submission (Regulation 22)** – Submission of the Plan to the Secretary of State for independent examination.
- 1.16 The process of producing DPDs is summarised in Figure 1 below. The involvement and consultation of stakeholders and local communities

will be an important part of each stage, particularly in the early stages of considering the issues and alternative options available. Supplementary Planning Documents are not subject to examination.

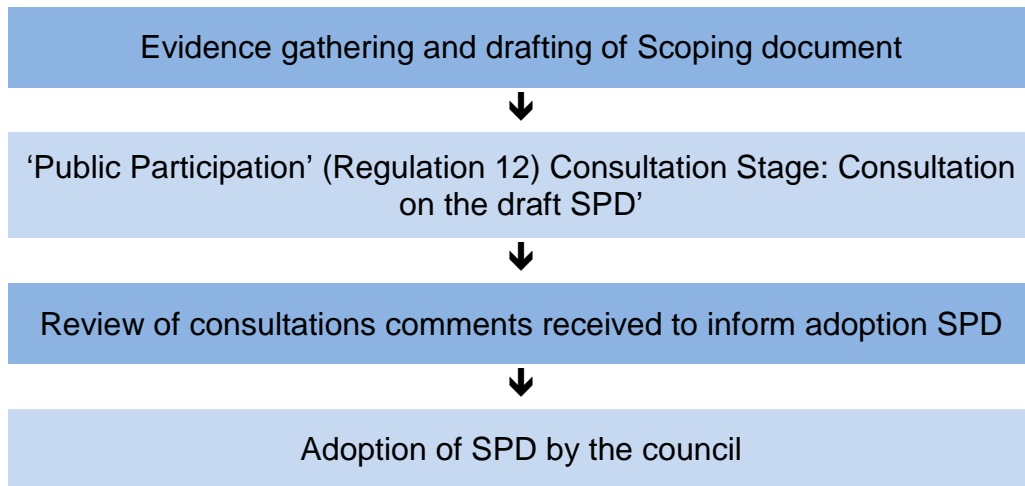
Figure 1: Stages for Preparing a Development Plan Document



Key Stages for Preparing a Supplementary Planning Document

- 1.17 The borough council is required to prepare a SPD in conformity with the 2012 Local Planning Regulations; however the regulations do not require SPDs to be subject to examination. The key stages for preparing a SPD are summarised in Figure 2.

Figure 2: Key Stages for Preparing a SPD



1.18 The consideration of the following factors determined the council's priorities in this Local Development Scheme:

- The need to review and update key policies and proposals
- The requirement to have an up to date plan in place to be compliant with new planning regulations, policies and associated guidance
- The emerging evidence base and monitoring data
- Discussions with the communities, stakeholders and other agencies including the Local Enterprise Partnership (LEP)
- Internal staff resources
- The need to fill policy gaps
- The requirement to achieve a 5 Year Housing Land Supply

Relationship to other Key Plans and Strategies

1.19 A number of other local strategies, guidance and evidence base documents are important to inform and help shape development and infrastructure requirements in the borough and need to be considered throughout the preparation of the Local Plan and SPDs.

- i Hinckley and Bosworth Borough Community Plan (2014-2018) sets out the priorities for tackling the most important challenges facing the borough in achieving the long term vision for the borough.
- ii The planning framework for minerals extraction and waste management facilities throughout the County is the responsibility of Leicestershire County Council and comprises the Waste Core Strategy and Development Control Policies and Minerals Core Strategy and Development Control Policies DPDs (adopted 2009)

and some 'saved' policies from the Waste Local Plan (adopted 2002). The County Council consulted upon the scope of the new Minerals and Waste Local Plan in November 2013 – January 2014.

iii The County Council, as the highways authority is responsible for preparing the Local Transport Plan (LTP). LTP 3 was published in 2011 and sets out the highways authority will seek to ensure that transport continues to play its important role in helping Leicestershire to continue to be a prosperous, safe and attractive County.

1.20 A number of other important Borough Council, County Council and external strategies and evidence base documents are also taken into account when preparing DPDs and SPDs. The documents are considered during the scoping of a DPD/SPD and throughout the Sustainability Appraisal (SA) process which is discussed below.

The Role of Strategic Environmental Assessment and Sustainability Appraisal

1.21 The council is required to undertake a Sustainability Appraisal¹ (SA) and Strategic Environmental Assessment² (SEA) of all Development Plan Documents (for the purpose of preparing DPDs, the SA incorporates the requirements of the SEA Directive). The purpose of the SA is to assess the key environmental, social and economic (sustainability) impacts resulting from the policies and proposals within the DPDs. An SA is required at each stage of the plan preparation process to inform both the impacts and recommendations for monitoring, mitigating and enhancing the impacts and effects of a plan and, if necessary, addressing any sustainability issues that arise through changes to each iteration of the plan.

1.22 The preparation of a SA involves, where applicable:

- Identifying strategic development options
- Collecting base-line monitoring information
- Predicting significant environmental, social and economic effects of the options
- Engaging and consulting with the public and key organisations on the implications of the options available
- Addressing and monitoring the significant environmental, social and economic effects of the plan

¹ As required under the Planning and Compulsory purchase Act 2004 (section 39 (2))

² As required under the Strategic Environmental Assessment Directive 2001/42/EC transposed through the Environmental Assessment of Plans and Programmes Regulations 2004

Evidence Base

- 1.23 To produce informative, effective and up-to-date planning policies, the council needs to prepare and consider a reliable baseline of evidence when drawing up its planning framework. Evidence documents are critical to informing the direction and content of policies within the Local Plan and guidance within SPDs. A number of various studies have been prepared to inform the documents set out in the LDS programme relating to housing provision and land availability; flooding, renewable energy; employment land provision and availability, and the availability and requirement for community facilities and existing standards of play and open space provision.

2 THE HINCKLEY AND BOSWORTH LOCAL DEVELOPMENT SCHEME

- 2.1 The LDS programme for the preparation of the Local Plan is provided in Appendix 1. It comprises the delivery of the emerging DPDs as a priority along with an Infrastructure Planning and Developer Contributions SPD followed by a review and preparation of a new Local Plan.
- 2.2 The first stage seeks the completion of the emerging DPDs and a priority SPD to form the Local Plan which meets the requirements of the Core Strategy (adopted 2009) and is compliant with the NPPF. Furthermore the Borough Council has 'saved' a number of the policies from the 2001 Local Plan until such time as the relevant Development Plan Documents are in place.
- 2.3 The Local Plan (2006 – 2026) for the borough will comprise of the following:
- **The Core Strategy Development Plan Document** provides the strategic planning policy framework and spatial development strategy for the borough over the period 2006-2026. The Core Strategy was adopted in December 2009 and all other LDDs must be in conformity to and enable the delivery of the Core Strategy and its vision.
 - **The Site Allocations and Development Management Policies DPD** will allocate land to deliver the housing and other major development needs such as employment, retail, recreation / open space, nature conservation, community uses and other land uses, to meet the requirements set out in the Core Strategy. The DPD is programmed for adoption in January 2016.
 - **Gypsy and Traveller Allocations DPD** will provide the planning policy framework and allocate land to deliver residential pitches / sites to meet the requirements set out in the Core Strategy and reflect up to date evidence. The DPD is programmed for adoption in October 2017.
 - **Hinckley Town Centre Area Action Plan** includes site allocations for retail, employment, residential, leisure, and open space in Hinckley town centre. The AAP was adopted in March 2011.
 - **Barwell and Earl Shilton Area Action Plan** provides the planning policy framework for the future development of two Sustainable Urban Extensions located south east of Earl Shilton and north west of Barwell. It also provides the policy framework for the regeneration of the existing Earl Shilton and Barwell local centres

and for development across the entire settlements. The AAP was adopted in September 2014.

- **The Shopping and Shop Fronts Supplementary Planning Document** adopted in October 2007 provides guidance which forms the basis for negotiating with developers on the quality and design of shop fronts and associated advertisements and the location and mix of retail and non-retail uses, such as pubs and bars. The LDS includes a review of the SPD programmed for adoption in June 2017.
- **Affordable Housing SPD** supplements adopted Core Strategy Policy 15 to ensure that sufficient affordable housing is delivered. The SPD was adopted in February 2011. A review of the Affordable Housing SPD is planned which will be encompassed into the Infrastructure Planning and Developer Contributions SPD which is due for adoption in July 2016.
- **Rural Needs SPD** to supplement adopted Core Strategy Policy 17 to ensure 'local needs' in relation to housing, employment and community facilities are met. The SPD was adopted in February 2011.
- **Sustainable Design SPD** adopted in April 2008 to supplement relevant 'saved' policies of the Local Plan. The LDS includes a review of the SPD entitled '**Sustainable Development and Renewable Energy SPD**' programmed to be adopted in June 2017.
- **Play and Open Spaces Developer Contributions SPD** adopted in September 2008 provides guidance for implementing policies and standards for the provision of new and improved play and open space opportunities. A review of the Play and Open Spaces Developer Contributions SPD is to be integrated into the Infrastructure Planning and Developer Contributions SPD which is due for adoption in July 2016.
- **Hinckley Town Centre Strategic Transport Development Contributions SPD** outlines a list of highway and public transport improvements which would be needed in the town centre if major developments went ahead. It also suggests contributions that developers should pay to finance these improvements. The SPD was adopted in April 2009.
- **Biodiversity SPD** will set out methods of identifying the required mitigation and compensatory measures and guidance to meet the need for biodiversity 'off-setting'. The programmed date for adoption of the SPD is June 2017.

- **Infrastructure Planning and Developer Contributions SPD** will set out how the council will approach securing planning obligations from developers towards a range of infrastructure to support the delivery of truly sustainable development. This SPD will include, but will not be limited to:
 - Transport
 - Affordable Housing
 - Education
 - Health
 - Play and Open Space
 - Sport and Recreation
 - Waste Management
 - Library Services
 - Emergency Services
 - Utilities
 - Telecommunications

The document will also supersede the following Supplementary Planning Documents:

- Play and Open Space Developer Contributions SPD (2008)
- Affordable Housing SPD (2011)

The Infrastructure Planning and Developer Contributions SPD is programmed to be adopted in July 2016.

- 2.4 The Proposals Map (including inset plans) is currently part of the adopted and saved policies of Local Plan. However, it will be updated as and when Development Plan Documents are adopted.

Review of the Local Plan

- 2.5 The LDS includes a review of the Local Plan. The Local Plan will eventually supersede the DPDs referred to above and provides the opportunity to consolidate the DPDs into one Local Plan. Furthermore, a revised Strategic Housing Market Assessment (SHMA) was completed in 2014. It will be used to inform future planning policies and housing need for all local authorities throughout Leicester and Leicestershire. The programme in Appendix 1 identifies that initial preparation of the Scoping document will begin in September 2015, after the planned Examination in Public for the Site Allocations and Development Management Policies DPD.

Changes to the LDS Programme since 2013

- 2.6 A number of changes have been made to the LDS programme accommodating the council's approach to preparing and reviewing its Local Plan and a review of the Supplementary Planning Documents to supplement the Site Allocations and Development Management DPD. The most significant changes are summarised below and set out in Table 1.

- 2.7 **The Site Allocations and Development Management Policies DPD** was due for submission to the Secretary of State in August 2014. In light of the representations received to the pre-submission version, it was necessary to make modifications to the DPD in order to reduce the possibility of the Planning Inspector finding the document unsound when it is considered at examination. Due to the nature of those changes it was necessary to consult upon the modifications proposed.
- 2.8 **The Earl Shilton and Barwell AAP** was programmed for submission in December 2013, the council met this deadline. The AAP was then subject to an Examination in Public in March/ April 2014 and was subsequently adopted in September 2014. The adoption date was later than programmed due to the requirement to consult on main modifications which was required by the Planning Inspector.
- 2.9 **The Gypsy and Traveller Allocations DPD** was programmed to begin in October 2013. The Borough Council approved an updated Gypsies and Travellers Accommodation Needs Assessment (GTAA) at Executive (11 September 2013). The council has made significant progress towards meeting this need within the borough by permitting suitable sites. An update to the GTAA is programmed for early 2015, the results will be used to inform the Gypsy and Traveller Allocations DPD.
- 2.10 The Hinckley and Bosworth **Local Plan Review** was programmed to commence in December 2014, work on the evidence to inform the plan has started in the form of a Strategic Housing Market Assessment which was completed in June 2014. Significant work was not started on the Local Plan in December 2014 as it was decided to focus resources on the completion of the Site Allocations and Development Management Policies DPD as a further round of consultation was required on the document prior to submission, which was not foreseen when the 2013 timetable was compiled.

Table 1: Revisions to Local Development Scheme Programme since 2013

Document	Programmed Adoption Date 2013	Programmed Adoption Date 2015	Reason for Change
Statement of Community Involvement	October 2014	N/A (Adopted September 2014)	Now adopted – removed from programme
Site Allocations and Development Management Policies DPD	June 2015	January 2016	Additional modifications were required to the plan following the pre-submission consultation which required a further round of consultation to be undertaken prior to submission.
Earl Shilton and Barwell Area Action Plan	July 2014	N/A (Adopted September 2014)	Now adopted – removed from programme.
Gypsy and Traveller Allocations DPD	October 2016	October 2017	To allow for additional evidence to be prepared and to accommodate further preparation time of a 'Scoping Document'.
Play and Open Spaces Developer Contributions Supplementary Planning Document	August 2015	N/A to be integrated into Infrastructure SPD (See below)	The review of the 2008 SPD which will supplement the Site Allocations and Development Management Policies DPD will be integrated into the Infrastructure Planning and Developer Contributions SPD, see below.

Document	Programmed Adoption Date 2013	Programmed Adoption Date 2015	Reason for Change
Shopping and Shop Fronts Supplementary Planning Document	August 2015	June 2017	Review of SPD adopted in 2007 to be undertaken to supplement the Site Allocations and Development Management Policies DPD. Preparation of this SPD has been postponed to allow resources to be focussed on the DPD's.
Sustainable Development and Renewable Energy DPD	November 2015	June 2017	SPD will supplement the Site Allocations and Development Management Policies DPD and supersede the Sustainable Design SPD. Preparation of this SPD has been postponed to allow resources to be focussed on the DPD's.
Biodiversity SPD	November 2015	June 2017	SPD will supplement the Site Allocations and Development Management Policies DPD. Preparation of this SPD has been postponed to allow resources to be focussed on the DPD's.
Infrastructure Planning and Developer Contributions SPD	N/A	July 2016	Added to LDS to supplement the Site Allocations and Development Management Policies DPD.

Document	Programmed Adoption Date 2013	Programmed Adoption Date 2015	Reason for Change
Local Plan Review	Beyond previous LDS timeframe	August 2018	Amendment to timescales to reflect prioritising resources on Local Plan 2006 – 2026.

3 MANAGEMENT OF DEVELOPMENT PLAN PREPARATION

- 3.1 This section gives an account of how the council will work, the resources that will be allocated, and how risks will be managed.

Duty to Cooperate

- 3.2 The Localism Act introduced the 'duty to co-operate', which applies to all local planning authorities, national park authorities and county councils in England and to a number of other public bodies. The duty:

- Relates to sustainable development or use of land that would have a significant impact on at least two local planning areas or on a planning matter that falls within the remit of a county council
- Requires that councils set out planning policies to address such issues
- Requires that councils and public bodies 'engage constructively, actively and on an ongoing basis' to develop strategic policies; and
- Requires councils to consider joint approaches to plan making

- 3.3 The National Planning Policy Framework (NPPF) sets out the strategic issues where co-operation might be appropriate, addressing matters such as the provision of infrastructure across local authority boundaries such as housing provision, transport and flood risk. The NPPF highlights the importance of joint working to meet development requirements that cannot be wholly met within a single local planning area, through either joint planning policies or informal strategies such as infrastructure and investment plans.

- 3.4 The council has always worked closely with neighbouring authorities and external agencies and will continue to foster such relationships where required.

Resources

- 3.5 The Planning Policy and Regeneration Team is responsible for preparing the Local Plan and coordinating work required to support the delivery of the documents set out in this LDS on a day to day basis. The council will work closely with colleagues from other Service Areas and external agencies to prepare evidence base documents and inform policies in the Local Plan.

- 3.6 Consultants will be engaged on specific projects to provide technical expertise or where there is a need for independent advice. Some work will be undertaken in conjunction with Leicestershire County Council particularly to identify infrastructure and highways requirements and

where opportunities arise with other districts to avoid duplication of effort across the county such as the preparation of; Strategic Housing Market Assessment or Strategic Flood Risk Assessment.

- 3.7 During the preparation of the Core Strategy and the subsequent DPDs, the council has made annual contributions from its revenue budget to an earmarked reserve to fund the plan preparation process. Development Services department has a business plan which provides a framework for project delivery and this plan is reviewed annually.
- 3.8 Resource and financial implications have been considered through the preparation of this LDS. Detailed resource and budget implications will need to be considered prior to undertaking the Local Plan review; however the Policy and Regeneration Team, at its current staffing levels will be able to sufficiently resource the preparation of the Local Plan Review. Furthermore the council will continue to explore appropriate opportunities for joint working with neighbouring authorities.

Programme Management and Responsibilities

- 3.9 The profiles in Section 4 identify management responsibilities for each area of work.
- 3.10 Regular meetings are held between the Chief Planning and Development Officer and the Policy and Regeneration Manager to ensure lines of communication are working and to review progress of plan preparation.
- 3.11 Progress on the Local Development Scheme programme and the preparation of Local Development Documents will be reported at various Senior Management and Member briefings as and when considered necessary. Furthermore, each DPD and LDD will be subject to consideration and approval through the relevant committee process prior to consultation on each stage referred to above.
- 3.12 At this stage, informed assumptions have had to be made about the availability of the Planning Inspectorate to examine DPDs. However, the Borough Council will enter into a service level agreement with the Planning Inspectorate for the Examination and reporting period at the appropriate stage.

Council Procedures and Reporting Protocols

- 3.13 For each Development Plan Document and Supplementary Planning Document, the levels of political responsibility include the following:
 - Member briefings or Member working groups as and when required throughout the preparation of DPDs and SPDs

- Executive for key stages of production of Development Plan Documents
- If appropriate, the council's Scrutiny Commission will review evidence for Development Plan Documents, and results of consultation for all documents and make recommendation to Executive Members as appropriate
- Council Resolution required for consultation, submission and adoption stages

Risk Assessment

- 3.14 In preparing the Local Development Scheme, it was found that the main areas of risk relate to:

Staff Turnover

- 3.15 This has been reduced as far as reasonably practical by the introduction of a staff retention package for key staff. Also, the council has established good working relationships over the years with consultants and neighbouring authorities and where appropriate resources will be pooled for mutual benefit.

Political Issues

- 3.16 These have been reduced as far as possible by the political management arrangements put in place. Officers will maintain an ongoing dialogue with Members at key stages of the plan preparation process. Where necessary the Scrutiny Commission has the opportunity to consider documents prior to consultation stages.

Capacity of Planning Inspectorate to cope with demand nationwide

- 3.17 The Borough Council will seek to minimise this as much as practicably possible through sending the LDS; 'Publication' consultation documents and intended date of submission to the Planning Inspectorate. Prior to Submission, the Borough Council will enter into a Service Level Agreement with the Planning Inspectorate setting out timeframes and responsibilities of both parties for the submission and examination for each DPD.

"Soundness" of Development Plan Documents

- 3.18 The Borough Council will undertake a 'soundness self-assessment' throughout each stage of the plan preparation process, utilising the Planning Advisory Service (PAS) 'Soundness Self-assessment checklist'.

Legal Challenge

- 3.19 The Borough Council will seek to minimise the threat of legal challenge by making sure that the legal and procedural requirements as set out in the Planning and Compulsory Purchased Act and the Town and Country (Local Planning) Regulations for preparing DPDs have been met. The council will undertake a 'Legal Compliance' check throughout each stage of the plan preparation process, utilising the PAS 'Local Plan Legal Compliance Checklist'.

4 LOCAL DEVELOPMENT DOCUMENT PROFILES

4.1 Site Allocations and Development Management Policies Development Plan Document

OVERVIEW	
Role and subject	To provide a policy framework containing land allocations and site specific proposals up to 2026, in accordance with requirements, vision and spatial strategy set out in the council's Core Strategy. The Development Plan Document will include the identification of sites for housing, employment, retail, recreation/open space, nature conservation and other land uses. It will contain policies relating to proposals that require site specific conditions such as design guidance, conservation and protection of open spaces and criteria based policies against which planning applications for the development and use of land and buildings will be considered.
Geographical coverage	Borough-wide
Document type	Development Plan Document
Chain of conformity	It must be in conformity with the Core Strategy, the National Planning Policy Framework and the Hinckley and Bosworth Community Plan.
TIMETABLE	
Stage	Dates
Document preparation and stakeholder engagement	September – December 2005
Consultation on Issues and Options	July – September 2007
Consideration of representations and Stakeholder discussions	October 2007 – August 2008
Public consultation on Preferred Options	February – April 2009
Publication of Development Plan Document	February – March 2014
Pre-Submission Modifications public consultation	December 2014 – January 2015
Submission to Secretary of State	April 2015
Estimated programmed date for examination	August 2015
Programmed date for adoption	January 2016

ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Members will be briefed as and when it is considered appropriate to inform recommendations to Executive and other Council meetings as appropriate.
External resources	Formal and informal consultation responses from external stakeholders and service and infrastructure providers. Local Strategic Partnership to provide key link to community planning. Consultants to assist with the preparation of evidence based documents and attendance at examination as required.
Stakeholder and community involvement	Stakeholder and community engagement and consultation will be essential at each stage of production and the arrangements for this will be in line with the Town and Country Planning Regulations and the Statement of Community Involvement.
Monitoring and review	The DPD will be subject to review in the form of the Borough Council Local Plan (see below). The effectiveness of the policies and delivery of site allocations will be monitored on an annual basis through the Authority Monitoring Report.

4.2 Gypsy and Traveller Allocations Development Plan Document

OVERVIEW	
Role and subject	To provide a policy framework containing land allocations and site specific proposals for gypsy and traveller pitches/sites up to 2026, in accordance with requirements, vision and spatial strategy set out in the Core Strategy and informed by appropriate evidence. The DPD will include the identification of sites for gypsy and traveller accommodations and will contain policies relating to proposals that require site specific conditions such as design guidance, conservation and protection of open spaces and criteria based policies against which planning applications for the development and use of land and buildings will be considered.
Geographical coverage	Borough-wide
Status	Development Plan Document
Priority	High
Chain of conformity	It must be in conformity with the Core Strategy, the National Planning Policy Framework and the Communities and Local Government Planning Policy for Traveller Sites.
TIMETABLE	
Stage	Dates
Evidence base gathering and drafting of Scoping document	September – December 2015
Consultation on Scoping DPD Document	January – February 2016
Publication of Development Plan Document	October – November 2016
Submission to Secretary of State	February 2017
Estimated programmed date for examination	June 2017
Programmed date for adoption	October 2017

ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management Arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Senior Management and Members will be regularly briefed and offer an opportunity to inform recommendations to Executive and other Council meetings as appropriate.
External resources	Leicester and Leicestershire Joint Traveller Unit, including seeking advice from stakeholder groups. Consultants will be employed to assist in evidence preparation.
Stakeholder and community involvement	Stakeholder and community engagement and consultation will be essential at each stage of production and the arrangements for this will be in line with the Town and Country Planning Regulations and the Statement of Community Involvement and Planning Policy for Traveller sites.
Monitoring and review	The effectiveness of the policies and delivery of site allocations will be monitored on an annual basis through the Authority Monitoring Report.

4.3 Shopping and Shop Fronts Supplementary Planning Document

OVERVIEW	
Role and subject	To provide supplementary policy guidance for negotiating with developers on the quality of shop fronts and associated advertisements and the location and mix of retail and non-retail uses, such as pubs and bars.
Geographical coverage	Borough-wide
Document type	Supplementary Planning Document
Priority	Medium
Chain of conformity	Must be in conformity with the Site Allocations and Development Management DPD; the Earl Shilton and Barwell AAP and the Hinckley Town Centre Area Action Plan.
TIMETABLE	
Stage	Dates
Drafting of publication SPD	February – August 2016
Consultation on publication SPD	September – October 2016
Programmed date for adoption	June 2017
ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Senior Management and Members will be regularly briefed and offer an opportunity to inform recommendations to Executive and other Council meetings as appropriate.
External resources	None anticipated – SPD to be prepared internally.
Stakeholder and community involvement	The publication draft SPD will be subject to stakeholder consultation in line with the Town and Country Planning Regulations and the Statement of Community Involvement.
Monitoring and review	The effectiveness of the policies and delivery of the relevant DPDs will be monitored on an annual basis through the Authority Monitoring Report. The implications of any changes to relevant plan policies to the SPD as a result of monitoring will be considered.

4.4 **Sustainable Development and Renewable Energy Supplementary Planning Document**

OVERVIEW	
Role and subject	To provide supplementary guidance on Policy 24 and 16 of the adopted Core Strategy and to supplement relevant policy within the Site Allocations and Development Management Policies DPD.
Geographical coverage	Borough-wide
Status	Supplementary Planning Document
Priority	Medium
Chain of conformity	Must be in conformity with Policy 24 and 16 of the adopted Core Strategy and relevant design policy within the Site Allocations and Development Management Policies DPD.
TIMETABLE	
Stage	Dates
Drafting of publication SPD	February – August 2016
Consultation on publication SPD	September – October 2016
Programmed date for adoption	June 2017
ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Senior Management and Members will be regularly briefed and offer an opportunity to inform recommendations to Executive and other Council meetings as appropriate.
External resources	None anticipated – SPD to be prepared internally
Stakeholder and community involvement	The publication draft SPD will be subject to stakeholder consultation in line with the Town and Country Planning Regulations and the Statement of Community Involvement.
Monitoring and review	The effectiveness of the policies and delivery of the relevant DPDs will be monitored on an annual basis through the Authority Monitoring Report. The implications of any changes to relevant plan policies to the SPD as a result of monitoring will be considered.

4.5 Infrastructure Planning and Developer Contributions Supplementary Planning Document

OVERVIEW	
Role and subject	The purpose of the SPD will be to set out how the council will approach securing planning obligations from developers towards a range of infrastructure to support the delivery of truly sustainable development.
Geographical coverage	Borough-wide
Status	Supplementary Planning Document
Priority	Medium
Chain of conformity	Must be in conformity with relevant policy within the Site Allocations and Development Management Policies DPD.
TIMETABLE	
Stage	Dates
Drafting of publication SPD	December 2014 – September 2015
Consultation on publication SPD	October - November 2015
Programmed date for adoption	July 2016
ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Senior Management and Members will be regularly briefed and offer an opportunity to inform recommendations to Executive and other Council meetings as appropriate.
External resources	No external resources are required to prepare the SPD as it will be prepared internally, however external stakeholders will be contacted to gather the evidence to inform the contents of the SPD.
Stakeholder and community involvement	As described above the SPD will be compiled in conjunction with key stakeholders to inform the contents. The publication draft SPD will be subject to a formal consultation exercise in line with the Town and Country Planning Regulations and the Statement of Community Involvement.

Monitoring and review	The effectiveness of the policies and delivery of the relevant DPDs will be monitored on an annual basis through the Authority Monitoring Report. The implications of any changes to relevant plan policies to the SPD as a result of monitoring will be considered.
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4.6 Biodiversity Supplementary Planning Document

OVERVIEW	
Role and subject	The SPD will provide guidance for developers regarding the protection and enhancement of the natural environment from development proposals which could impact or result in an adverse effect on biodiversity. Including the approach towards off-setting. The SPD will supplement relevant policy within the Site Allocations and Development Management Policies DPD.
Geographical coverage	Borough-wide
Status	Supplementary Planning Document
Priority	Medium
Chain of conformity	Must be in conformity with relevant policy within the Site Allocations and Development Management Policies DPD.
TIMETABLE	
Stage	Dates
Drafting of publication SPD	February – August 2016
Consultation on publication SPD	September – October 2016
Programmed date for adoption	June 2017
ARRANGEMENTS FOR PRODUCTION	
Organisational lead	Policy and Regeneration Team
Management Arrangements	The Policy Team will co-ordinate and manage work on a day to day basis. Senior Management and Members will be regularly briefed and offer an opportunity to inform recommendations to Executive and other Council meetings as appropriate.
External resources	None anticipated – SPD to be prepared internally
Stakeholder and community involvement	The publication draft SPD will be subject to a formal consultation exercise in line with the Town and Country Planning Regulations and the Statement of Community Involvement.

Monitoring and review	The effectiveness of the policies and delivery of the relevant DPDs will be monitored on an annual basis through the Authority Monitoring Report. The implications of any changes to relevant plan policies to the SPD as a result of monitoring will be considered.
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APPENDIX 1 – LOCAL DEVELOPMENT SCHEME PROGRAMME

Year	2015												2016												2017												2018											
Month	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Development Plan Documents																																																
Site Allocations and Development Management Policies DPD																																																
Gypsy and Traveller Allocations DPD																																																
Supplementary Planning Documents																																																
Infrastructure Planning and Developer Contributions SPD																																																
Shopping and Shop Fronts SPD																																																
Sustainable Development and Renewable Energy SPD																																																
Biodiversity SPD																																																
Hinckley and Bosworth Local Plan																																																

Local Plan

1	Commencement of Document
2	Evidence Base Gathering and drafting of Scoping Document
3	Consultation on Scoping Document
4	Analysis of Consultation Responses
5	Drafting of Publication Document
6	Committee Cycle
7	Publication Document
8	Analysis of Consultation Responses
9	Date for submission to Secretary of State
10	Pre-examination Meeting
11	Commencement of Hearing/Examination
12	Proposed Date for Adoption

Supplementary Planning Document

1	Commencement of Document
2	Drafting of Publication SPD
3	Consultation on Publication SPD
4	Analysis of Consultation Responses
5	Drafting of adoption draft SPD
6	Committee Cycle
7	Adoption

APPENDIX 2 – GLOSSARY OF PLANNING TERMS

Area Action Plan	AAP	These site-specific plans will provide the planning policy framework for key areas of opportunity, change and/or conservation.
Annual Monitoring Report	AMR	This is a document to be produced each year to assess the effectiveness of the Development Plan Documents.
Chain of Conformity		This term describes the relationship between documents, plans and policies and how closely they must correspond with one another and reflect other planning strategies and policies. 'Conformity' can take number of forms ranging from 'having regard to' to 'must conform to'.
Community Strategy		Local Authorities are required by the Local Government Act 2000 to prepare Community Strategies, with the aim of improving the social, environmental and economic well-being of their areas. Through the Community Plan, authorities are expected to co-ordinate the actions of the local public, private, voluntary and community sectors through the establishment of a Local Strategic Partnership.
Development Plan		The local planning policy framework against which planning applications are determined. This includes adopted Local Plans and Neighbourhood Development Plans
Development Plan Document	DPD	Any part of the Local Development Framework that forms part of the statutory development plan e.g. the Core Strategy, site-specific allocations of land, area action plans and the proposals map.
Examination		An examination chaired by an independent Planning Inspector into the soundness of the Development Plan Documents.
Local Development Document	LDD	A document that set out planning policies and guidance for the Borough for specific topics or for geographical areas, includes Development Plan Documents, Supplementary Planning Documents and the Statement of Community Involvement.
Local Development Scheme	LDS	The project management document setting out the programme for preparing the Local Development Documents and proposals for monitoring and review.

Local Plan	LP	<p>The plan for the future development of the local area, prepared by the local planning authority in consultation with the community. The Local Plan comprises of development plan documents adopted under the Planning and Compulsory Purchase Act 2004 and policies which have been 'saved' under the 2004 Act. For Hinckley and Bosworth the current Local Plan comprises:</p> <ul style="list-style-type: none"> • The 'saved' policies of the Borough Local Plan 2001; • The Core Strategy (adopted 2009); and • The Hinckley Town Centre Area Action Plan (adopted 2011).
Local Planning Authority	LPA	The public authority whose duty it is to carry out specific planning functions for a particular area. In Hinckley and Bosworth this is the Borough Council.
Local Strategic Partnership	LSP	A cross sector partnership including service providers, voluntary organisations, community groups, and residents. The aim of the partnership is to plan and deliver a joint programme for improving quality of life. In Hinckley and Bosworth this programme is called the Community Plan, but there is also a Leicestershire Community Strategy prepared by a Countywide Local Strategic Partnership, Leicestershire Together.
Neighbourhood Development Plan	NDP	A plan prepared by a Parish Council or Neighbourhood Forum for a particular neighbourhood area (made under the Planning and Compulsory Purchase Act 2004).
Stakeholders		Stakeholders are any organisations, bodies or individuals affected or interested in the Local Plan. This will involve members of the public, developers, landowners, interest groups and organisations such as the Environment Agency.
Statement of Community Involvement	SCI	A document that sets out the standards to which the Local Planning Authority will engage and consult the public and other stakeholders during the production of the Local Plan and when dealing with planning applications.
Strategic Environmental Assessment	SEA	An assessment of the potential impacts of policies and proposals on the environment to include proposals for the mitigation of impacts.

Supplementary Planning Document	SPD	Documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. SPDs can be a material consideration in planning decisions but do not form part of the development plan.
Sustainability Appraisal	SA	An assessment of the social, economic and environmental impacts of the policies and proposals of each Development Plan Document.

Further copies, versions in alternative languages and larger print or audio versions

Further copies, versions in alternative languages and larger print or audio versions are available from the following address:

Policy and Regeneration Team
Hinckley & Bosworth Borough Council
Hinckley Hub
Rugby Road
Hinckley
Leicestershire
LE10 0FR
Tel: 01455 238141
Email: planningpolicy@hinckley-bosworth.gov.uk

অন্যান্য ভাষায় অনুবাদ এবং বড় ছাপা অক্ষর বা অডিও'তে আরো কপি নিম্নের ঠিকানায় পাওয়া যায় :
Policy and Regeneration Team, Hinckley and Bosworth Borough Council
Hinckley Hub, Rugby Road, Hinckley, Leics LE10 0FR টেলিফোন : 01455 238141 ই-মেইল :
planningpolicy@hinckley-bosworth.gov.uk

બીજી ભાષાઓના ભાષાંતરમાં અને મોટા અક્ષરોમાં અથવા ઓડિઓના રૂપમાં વધારાની નકલો
નીચેના સરનામા ઉપર ઉપલબ્ધ છે: Policy and Regeneration Team
Hinckley and Bosworth Borough Council, Hinckley Hub, Rugby Road, Hinckley, Leics LE10 0FR
ટેલિફોન: 01455 238141 ઈમેઇલ: planningpolicy@hinckley-bosworth.gov.uk

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ਅੱਗੇ ਲਿਖੇ ਸਰਨਾਵੇਂ ਤੇ ਉਪਲੱਬਧ ਹਨ: Policy and Regeneration Team
Hinckley and Bosworth Borough Council, Hinckley Hub, Rugby Road, Hinckley, Leics LE10 0FR
ਟੈਲੀਫੋਨ: 01455 238141 ਈਮੇਲ: planningpolicy@hinckley-bosworth.gov.uk

متبادل زبانوں میں ترجمہ اور بڑے حروف یا آڈیو میں ترجمہ کی مزید کاپیاں درج ذیل پتے سے حاصل کی جاسکتی ہیں:

Policy and Regeneration Team, Hinckley and Bosworth Borough Council,
Hinckley Hub, Rugby Road, Hinckley, Leics LE10 0FR
planningpolicy@hinckley-bosworth.gov.uk ٹیلیفون: 01455 238141 ای میل

Dalsze kopie, wersie w innych jezykach i drukowane wiekszymi literami lub wersie audio
sa dostepne pod nastepujacym adresem: Policy and Regeneration Team
Hinckley and Bosworth Borough Council, Hinckley Hub, Rugby Road, Hinckley, Leics LE10 0FR
Telephone: 01455 238141 Email: planningpolicy@hinckley-bosworth.gov.uk

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COUNCIL - 19 FEBRUARY 2015

REVISIONS TO THE CONSTITUTION TO AMEND THE SCHEME OF DELEGATION (PLANNING APPLICATIONS)

REPORT OF THE MONITORING OFFICER



Hinckley & Bosworth
Borough Council

A Borough to be proud of

Wards affected - All Wards

1. PURPOSE OF REPORT

- 1.1 To agree amendments to the scheme of delegation for planning applications as set out in Part 3 of the Hinckley and Bosworth Borough Council Constitution (version 11).

2. RECOMMENDATION

- 2.1 That Council be recommended that the current scheme of delegation relating to delegations for planning applications (and related matters) be deleted and replaced as follows:

All planning and related applications to be delegated to the Chief Planning and Development Officer, except where the following circumstances apply:

1. An application that has attracted interest from occupiers of five or more addresses (including the Parish Council), the views of which are contrary to the officer recommendation.
2. An application where an Elected Member of the Borough Council requests in writing to the Chief Planning & Development Officer that the application be referred to Planning Committee for determination. The request must be based on sound planning reasons, as determined by the Chief Planning & Development Officer, and received within 21 days of publication of the weekly list.
3. A major application that is submitted by, or on behalf of, the Borough Council for its own development.
4. Any application made by, or on behalf of, a Member of the Borough Council or member of staff.
5. An application that the Chief Planning & Development Officer in discussion with the Chair of the Planning Committee considers necessary to be determined by the Planning Committee.

3. BACKGROUND TO THE REPORT

- 3.1 This report sets out the changes proposed to the Scheme of Delegation in relation to planning applications as set out under Part 3 of the Constitution. The changes are brought to Members following discussions at two cross-party task and finish groups in 2014 (see section 10).
- 3.2 This report sets out proposals to amend the Scheme of Delegation in respect of planning applications that must be considered by Planning Committee to allow Members to focus on the most strategic and sensitive items whilst ensuring that the planning decision making process remains as transparent and as open as

possible. Existing powers for Members to 'call-in' an application to Planning Committee and for the Chief Planning and Development Officer to refer an application to Planning Committee are retained within the proposed changes.

4. PROPOSAL & REASONS

4.1 The proposed changes will:

1. Reduce the length of Planning Committee agendas;
2. Allow Planning Committee to focus on dealing with applications that are the most controversial, complex or strategic;
3. Enable routine applications to be dealt with quicker;
4. Make resource savings by freeing up officer time that would otherwise be spent preparing reports for Planning Committee agendas;
5. Address the perception that routine items being reported to Planning Committee are not debated before decisions are taken;
6. Allow discretion for decisions to be delegated where there is consensus between officers, Members and the local community;
7. Stimulate greater officer and Member discussions early in the planning process.

4.2 The delegation arrangements for planning and related applications, taken from Part 3 of version 11 of the Constitution, are set out in full at Appendix 1. The current arrangements require that planning applications for developments that exceed certain threshold triggers must be referred to Planning Committee. This includes where the minimum site area exceeds 0.5ha; where the minimum number of dwellings exceeds 10; where the minimum building size exceeds 500m²; and where the number of representations received exceeds 5 addresses. Other provisions requiring a committee decision relate to where the proposal is for an agricultural workers dwelling or where an application is subject to an Environmental Statement. This requirement is irrespective of the officer recommendation or the views of Elected Members.

4.3 The effect of the current delegation arrangements is that planning applications that are not contentious or controversial need to be reported to Planning Committee solely because of the trigger set out in the constitution. The fact that a scheme relates to a large site area, for instance, does not mean that that it is always contentious or sensitive. Similarly, the receipt of objections from more than five addresses would automatically trigger a committee referral even if the officer recommendation is reflective of the views of the community. This process does not allow officers or Members to be able to respond appropriately to the scale or impact of the proposal as the scheme of delegation does not allow flexibility. This reduces transparency, openness and effective governance.

4.4 Planning Committee agendas vary in length, but it is not unusual for 12 items or more to be considered. This results in Planning Committee meetings taking a considerable amount of time, often dealing with routine matters that are not sensitive or have public interest. It is important that Members have a manageable workload and are able to have the time to carefully consider relevant issues. This can be difficult if too many items are being considered on each agenda.

4.5 It is recognised nationally, that local planning authorities that take too many items to Planning Committee have difficulty determining planning applications in a timely manner. This is because those applications that are reported to Committee take considerably longer to process because of the work involved preparing reports and the lead-in time for compiling agendas for monthly Committee

meetings. Councils that process applications quickly and strike the right balance between Committee and delegated decision making tend to perform more efficiently and effectively. This enhances service reputation amongst developers and agents, which in turn encourages investment. Striking the right balance also frees up officer time to engage in active dialogue with local Ward Members and the community and also to proactively focus on priority areas such as enforcing breaches of planning control.

- 4.6 The proposed changes will create and build on the existing level of trust between officers and Members and ensure discussions on planning proposals are held early in the process. Changes will also make sure that Members of Planning Committee have more time to discuss the scheme with officer, which can result in negotiated improvements to the design or wider community benefits.
- 4.7 The proposed revisions would introduce a simplified delegation arrangement. The requirement to refer applications to Planning Committee because of the size of the development would be replaced with a scheme that would only report contentious applications that are contrary to the officer recommendation. Most major applications would continue to be reported to Planning Committee as would applications that Members wished to 'call-in'. However, the changes will allow officers to refuse applications under delegated powers where the community is raising objections in line with officer views and Members are comfortable with the approach taken. Similarly, the changes will allow applications for developments to be approved quickly, even if this relates to a large site, again provided Members are content and the application isn't contentious. The new arrangement will build upon existing close working relationships between officers and Ward Members, the Committee Chair and Members of Planning Committee.
- 4.8 As set out at section 2 of this report, it is proposed to amend the Scheme of Delegation to the following:

All planning and related applications to be delegated to the Chief Planning and Development Officer, except where the following circumstances apply:

1. An application that has attracted interest from occupiers of more than 10 addresses (including the Parish Council), the views of which are contrary to the officer recommendation.
2. An application where an Elected Member of the Borough Council requests in writing to the Chief Planning & Development Officer that the application be referred to Planning Committee for determination. The request must be based on sound planning reasons, as determined by the Chief Planning & Development Officer, and received within 21 days of publication of the weekly list.
3. A major application that is submitted by, or on behalf of, the Borough Council for its own development.
4. Any application made by, or on behalf of, a Member of the Borough Council or member of staff.
5. An application that the Chief Planning & Development Officer in discussion with the Chair of the Planning Committee considers necessary to be determined by the Planning Committee.

5. ALTERNATIVE OPTIONS THAT HAVE BEEN CONSIDERED

- 5.1 One alternative revision to the scheme of delegation has been considered. This relates to removing the existing requirement to refer applications to Committee for developments above 500m² floor space or where the size of the site is over 0.5ha, but keep other committee triggers as existing.
- 5.2 This option would give delegated authority to officers for non-controversial developments on large sites or where the floor space of a development is large. However, many applications need to be referred to committee where representations are received from more than five addresses, even where officer and Member views are aligned. Retaining this requirement would be continuing with arbitrary system and would not allow delegated decisions where items are not sensitive or contentious.
- 5.4 The proposed system would provide greater discretion and give more control to Members and the Committee Chair in making decisions about which items to take to Planning Committee.

6. SUMMARY

- 6.1 It is proposed to revise the scheme of delegation for planning matters to introduce a system that encourages greater Member involvement in deciding what planning applications should be referred to Planning Committee. The changes would reduce the number of non-sensitive or controversial items being considered at Committee, speeding up the decision making process and allowing Members to directly focus their attention on those planning matters which are of a strategic and sensitive nature.

7. FINANCIAL IMPLICATIONS [SJE]

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS [EH]

- 8.1 Changes to the Constitution require a two thirds majority approval by council.
- 8.2 By ensuring the planning application process determination process and the Committee agenda is streamlined the council will be ensuring its meets its duties in relation to performance.
- 8.3 Planning is a function which is reserved for council and therefore cannot be delegated to the Executive.

9. CORPORATE PLAN IMPLICATIONS

This document contributes to Strategic Aim 1 of the Corporate Plan

- Creating a vibrant place to work and live.

10. CONSULTATION

A Task and Finish Group was formed from Members of the Planning Committee to consider the proposed options.

The following Members were part of the Group that met on 15 October and 11 December 2014:-

Cllr Mayne, Cllr Moore, Cllr Witherford, Cllr Morell & Cllr Boothby.

The following comments were received:-

- Supported the intention to improve dialogue between officers and Members on planning matters.
- Welcomed reduced agenda lengths and paperwork.
- Requested that the changes do not remove the option for Members to call-in applications outside of their ward.
- Asked for clarification about how officers would ensure consistency in deciding which applications are deemed controversial.

In response to those comments:

- The proposed delegation arrangements will continue to improve and build on the dialogue with Members on planning matters, particularly in relation to sensitive issues within a Member's ward.
- The proposed changes will reduce agenda lengths and therefore simplify the process for Members.
- The existing provision to allow any Member to call-in an application to Planning Committee, within or outside their Ward, is unaffected by these changes.
- In the vast majority of cases, it is clear where a planning application is controversial. This might be because of the number of representations received, the nature of the proposal or where a Councillor has requested that the Committee deals with an application. Where there is uncertainty, a discussion would take place with Ward Members and where appropriate, the Chair of Planning Committee. Retaining the requirement for Committee referral where representations are received from more than 10 addresses (contrary to the officer recommendation) would ensure that schemes generating significant public interest would typically be referred to Committee irrespective of whether Ward Members or the Chair makes a request.

11. RISK IMPLICATIONS

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Risk of not meeting statutory planning performance targets.	Improved delegation arrangements and efficiency will ensure performance is achieved.	Nic Thomas

12. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

It is not considered that there are any equality or rural implications arising as a direct result of this report.

13. CORPORATE IMPLICATIONS

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

- | | |
|---------------------------------|------------------------------|
| - Community Safety implications | None relating to this report |
| - Environmental implications | None relating to this report |
| - ICT implications | None relating to this report |
| - Asset Management implications | None relating to this report |
| - Human Resources implications | None relating to this report |
| - Voluntary Sector | None relating to this report |

Contact Officers: Nic Thomas / Simon Atha ext. 5919
 Executive Member: Councillor Bron Witherford

Appendix 1

Existing Scheme of Delegation - Planning Applications (all to be replaced)

1. 10 or more dwellings or a proposed site area of 0.5ha or more.
2. All major office or light industry uses where the proposed floor space is greater than 500m² or where the proposed site area is 0.5ha or more.
3. All general and special industrial uses and warehouses where the proposed floor space is greater than 500m² or more or where the proposed site area is 0.5ha or more.
4. All retailing, distribution, servicing and catering uses where the proposed floor space is greater than 500m² or where the proposed site area is 0.5ha or more.
5. All other developments not included in the above where the proposed floor space is greater than 500m², or where the proposed site area is 0.5ha or more.
6. Any application for agricultural workers' dwellings where an agricultural appraisal is required.
7. All new developments for recreation and leisure uses (Class D) involving sports centres; public open space; cinemas; concert halls; bingo and dance halls; swimming pools and gymnasias which have a proposed floor area of more than 500m² or the proposed floor area is 0.5ha or more.
8. New development for Institutional uses (Classes C2 and D1) involving hospitals; colleges; nurseries; art galleries; museums; exhibitions or public halls and churches which have a proposed floor area of more than 500m² or the proposed area is 0.5ha or more.
9. All applications which raise local or wider controversial issues.
10. All applications requiring Environmental Impact Assessment.
11. All applications by members of the Council or staff.
12. Any application that the Chief Planning & Development Officer or Development Control Manager considers to be necessary to be determined by Members.

Exceptions to Planning Applications Scheme of Delegation

An application which normally would be delegated for officer decision will be referred to Planning Committee if any of the following applies:-

- A. A request for referral to Planning Committee has been received in writing by the Deputy Chief Executive (Community Direction), Chief Planning & Development Officer or Development Control Manager from a Member of the Borough Council within the specified period of three weeks from the date of publication of the weekly list. The request must be made of sound planning reasons, acceptance of which is at the discretion of the Deputy Chief Executive (Community Direction) or Chief Planning & Development Officer and the Chair of Planning Committee.
- B. The application is submitted by, or on behalf of, the Council for its own development, except minor development to which no objection has been received.

- C. Objections have been received from more than five addresses (which include any Parish Council objection) within the specified period of three weeks from the date of publication of the weekly list, unless the objections have been resolved by negotiation or may be resolved through the imposition of planning conditions.

COUNCIL – 19 FEBRUARY 2015

REVISIONS TO THE CONSTITUTION TO AMEND THE SCHEME OF DELEGATION (PLANNING POLICY)

REPORT OF THE MONITORING OFFICER



Hinckley & Bosworth
Borough Council

A Borough to be proud of

Wards affected – All Wards

1. PURPOSE OF REPORT

- 1.1 To consider amendments to the scheme of delegation for planning policy matters as set out in Part 3 of the Hinckley and Bosworth Borough Council Constitution (version 11).

2. RECOMMENDATION

- 2.1 That Council be recommended that existing provisions as set out at Appendix 1 to the report and relating to the scheme of delegation for planning policy matters be deleted and replaced with the following:

1. **New Planning Policy Documents**

Present to Senior Members' Group and Executive before being considered by Council. [*This provision remains unchanged*]

2. **Responses to Planning Policy Consultations**

Delegate authority for responses to the Chief Development and Planning Officer, in consultation with the Executive Member for Planning. [*New provision*]

3. **Evidence Bases to Support Planning Policy Documents**

Delegate authority for decisions to the Chief Planning and Development Officer, in consultation with the Planning Policy Member Working Group and the Executive Member for Planning. [*New provision*]

4. **Neighbourhood Development Plans**

Delegate authority for the first three stages of the Neighbourhood Development Plan process (as set out in Table 1 at paragraph 4.8 of the report) to the Chief Planning and Development Officer, in consultation with the Planning Policy Member Working Group and the Executive Member for Planning. [*The provision for the Neighbourhood Development Plan to proceed to referendum (stage 4) and to be 'made' (stage 5) would remain Council decisions*]

- 2.2 That the proposal to set up a Planning Policy Member Working Group for dealing with Planning Policy matters be recommended to Council with appointments to be made by the Monitoring Officer in consultation with political Group Leaders.

- 2.3 That it be recommended that Council agree that the proposed Terms of Reference for the Planning Policy Member Working Group be delegated to the Working Group to agree, but such Terms of Reference to be based on the following:

- That the Working Group be chaired either by a Member elected by the Working Group, or the Chair of Planning Committee
- That the Working Group comprises Members of Planning Committee and the Executive Member for Planning

3. BACKGROUND TO THE REPORT

- 3.1 This report sets out the changes proposed to Scheme of Delegation in relation to planning policy matters as set out under Part 3 of the Constitution. The changes are brought to Members following discussions at two cross-party task and finish groups in 2014 (see section 10).
- 3.2 This report sets out proposals to amend the Scheme of Delegation to review the approval process for planning policy documents to enhance Member engagement and enable a more streamlined approval process.
- 3.3 The proposed changes will:
1. Stimulate greater officer and Member discussions early in the planning policy process;
 2. Allow for a regular structured cross-party discussion with officers to consider strategic planning policy matters;
 3. Provide a more streamlined 'signing off' process to speed up the local plan process.

4. PROPOSAL & REASONS

- 4.1 The delegation arrangements for planning policy documents are set out at Appendix 1. The documents can be divided into four different categories:
1. Planning policy documents;
 2. Responses to planning policy consultations;
 3. Evidence bases to support planning policy documents;
 4. Neighbourhood development plans.

Planning Policy Documents

- 4.2 This includes documents such as the Earl Shilton and Barwell Area Action Plan and the Site Allocations & Development Management Policies Development Plan Document. The constitution requires that these documents are taken through Senior Members' group and Executive before being agreed at Council. No changes are proposed for this type of document.

Responses to Planning Policy Consultations

- 4.3 This includes where other local authorities or the government consults the Borough Council on strategic planning policy matters. The current arrangement requires responses to be prepared in liaison with a cross-party working group before being presented to senior Members. The response is then referred to Planning Committee before being agreed by Council. This type of consultation has to be responded to quickly (usually six weeks) in order to meet deadlines. Often there is insufficient time to prepare the response and then get the agreement of Members at the various stages.

4.4 In order to simplify the process and make sure that responses are submitted on time, it is proposed to amend the Constitution to give delegated authority to the Chief Planning and Development Officer to respond, in consultation with the Executive Member. This new approach will continue to enable the Executive Member for Planning to input into consultation responses and will also ensure that responses meet deadlines. A subsequent briefing will be provided to the next available Planning Committee meeting to ensure that the Committee and the wider public can view the response.

Evidence Bases to Support Planning Policy Documents

4.5 This relates to work that is carried out to support emerging planning policy documents. Recent examples have been the review of the Strategic Housing Market Assessment for Leicestershire and the Strategic Flood Risk Assessment that has helped to inform the emerging Site Allocations and DM Policies DPD. These documents are first taken to Senior Members group before being agreed by Executive. A less formal mechanism would allow for greater Member engagement.

4.6 It is proposed to amend the delegation arrangements so that authority for approving evidence bases would be delegated to the Chief Planning and Development Officer, in consultation with a new Planning Policy Member Working Group and the Executive Member for Planning. This would be a cross-party group of Members that would be chaired by the Chair of Planning Committee. The Working Group would be presented with the evidence by the Officers or consultants who have prepared the document. This meeting will enable Members and officers to build up relationships, give an opportunity to Members to ask questions and have detailed discussions about the evidence and the implications so that they can thoroughly understand the topics. The Group will also be engaged in the Local Plan preparation process at an early stage. It will also give an opportunity for Members to received feedback from the Leicestershire Member Advisory Group who deals with Strategic Planning matters which are no longer dealt with by the Regional Plan which was abolished in April 2013. This working group will also have a role to play in Neighbourhood Development Plans which is outlined in detail below.

Neighbourhood Development Plans

4.7 The agreement of the various stages of Neighbourhood Development Plans (NDP) is currently delegated to officers in consultation with the Executive Member for Planning and the relevant Ward Councillors. The NDP is agreed by Council after the local referendum has been held.

4.8 In order to allow for improved early engagement with Members, it is proposed to revise this arrangement to delegate the agreement of the first three stages of the NDP process to the Chief Planning and Development Officer, following consultation with a new Planning Policy Member Working Group (see paragraph 4.6 above) and the Executive Member for Planning. Stages 4 and 5 would be matters to be approved by Council. The key stages in the NDP process are set out in Table 1 below:

Table 1 – Neighbourhood Development Plan Stages

Stage	NDP Work to be Delegated to Officers
-------	--------------------------------------

	Under the Proposed Scheme
1. Identification and Designation of a Neighbourhood Area	Publicity and consultation Decision on neighbourhood area designation (and forum if required)
2. Evidence gathering, consultation and publicity	Publicity and consultation for a minimum 6 week process
3. Submission of the plan	Publicity and consultation for a minimum 6 week process Preparation and submission of the Borough Council's response to the plan Arrangement of the independent examination of the plan
Stage	NDP Work Subject to Council Approval
4. Examination of the plan	Determination about whether the plan should proceed to referendum
5. Referendum and 'making' of plan	If majority voting support the plan, council to be bring into force (subject to Council approval)

4.9 The benefit of this revised arrangement is that it will allow officers to informally keep the Working Group updated of progress on the various emerging NDPs and can address any issues that Members raise before the plan has reached an advanced stage. The NDP would still need to be agreed by Council after the local referendum, so this element would remain as existing.

4.10 It is therefore proposed to amend the Scheme of Delegation for planning policy as set out below:

1. New Planning Policy Documents
Present to Senior Members' Group and Executive before being considered by Council. [*This provision remains unchanged*]
2. Responses to Planning Policy Consultations
Delegate authority for responses to the Chief Development and Planning Officer, in consultation with the Executive Member for Planning.
3. Evidence Bases to Support Planning Policy Documents
Delegate authority for decisions to the Chief Planning and Development Officer, in consultation with the Planning Policy Member Working Group and the Executive Member for Planning.
4. Neighbourhood Development Plans
Delegate authority for the first three stages of the Neighbourhood Development Plan process (as set out in Table 1 at paragraph 4.8 of the report) to the Chief Planning and Development Officer, in consultation with the

Planning Policy Member Working Group and the Executive Member for Planning. [*The provision for the Neighbourhood Development Plan to proceed to referendum (stage 4) and to be 'made' (stage 5) would remain Council decisions*]

5. ALTERNATIVE OPTIONS THAT HAVE BEEN CONSIDERED

5.1 Alternative options that have been considered are as follows:-

5.2 A) Introduce a Planning Policy Member Working Group to agree evidence bases, but leave the existing arrangement for the agreement of Neighbourhood Development Plans as existing, delegated to officers subject to consultation with the Executive Member for Planning.

This option was discounted because a Working Group arrangement would introduce a less formal discussion with Members about emerging NDPs and would allow officers who are working with the communities to present work to Members.

5.3 B) Delegate all planning policy consultation response to Planning Committee.

This option was discounted because this would not address the existing problem of there being insufficient time available to consider the consultation, prepare a draft response / report and get this agreed.

6. SUMMARY

6.1 It is proposed to revise the scheme of delegation for planning policy matters to introduce a system to allow prompt responses to consultation requests and to ensure that Members are more involved in the agreement of evidence bases and Neighbourhood Development Plans.

7. FINANCIAL IMPLICATIONS [SJE]

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS [EH]

8.1 Changes to the Constitution require a two thirds majority approval by council.

8.2 Due to statutory constraints, the spatial develop strategy, neighbourhood development plans and any document which forms part of the development framework can only be approved by Council. Authority to approve, amend or adopt such documents cannot be delegated by Council to any Committee, Sub-Committee or Officer.

9. CORPORATE PLAN IMPLICATIONS

This document contributes to Strategic Aim 1 of the Corporate Plan

- Creating a vibrant place to work and live.

10. CONSULTATION

A Task and Finish Group was formed from Members of the Planning Committee to consider the proposed options.

The following Members were part of the Group that met on 15 October and 11 December 2014:-

Cllr Mayne, Cllr Moore, Cllr Witherford, Cllr Morell & Cllr Boothby.

Members supported the principle of improved dialogue on strategic planning policy matters. It was also recognised that a Planning Policy Member Working Group would allow officers to brief Members on an informal basis about evidence bases and progress on emerging Neighbourhood Development Plans. Members commented this would improve knowledge and allow Members to be more engaged in the process.

11. RISK IMPLICATIONS

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Risk of delays in signing off evidence bases and Neighbourhood Development Plans and responding to consultation responses within the deadline.	Improved delegation arrangements and efficiency will ensure delays are avoided and responses can be made in a timely manner.	Sally Smith

12. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

It is not considered that there are any equality or rural implications arising as a direct result of this report.

13. CORPORATE IMPLICATIONS

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

- Community Safety implications None relating to this report
- Environmental implications None relating to this report
- ICT implications None relating to this report
- Asset Management implications None relating to this report
- Human Resources implications None relating to this report
- Voluntary Sector None relating to this report

Contact Officers: Nic Thomas / Sally Smith ext. 5792
Executive Member: Councillor Bron Witherford

Appendix 1

Existing Delegation Arrangements - Planning Policy (all to be replaced)

Responsibility for Council Functions – Further delegations:

Section 3:

1. New policy documents are presented to senior members group and Executive before being considered by Council.
2. Responses to consultation documents such as neighbouring authorities Local Plans or Government consultations on Policy documents produced in liaison with a cross-party working group before being presented to the Senior Members Group with referral to Planning Committee before final approval by Council.
3. For approval of evidence bases to inform the Local Plan, documents presented to the Senior Members' Group. The Executive has delegated powers to approve evidence bases. Provision within the constitution for the Executive and any one of the Group Leaders or Labour representative to request referral to Council.
4. Neighbourhood Development Plans do not feature within the existing Constitution but there is a Council Minute from 21 February 2013 which gives delegated authority to the Deputy Chief Executive (Community Direction) in consultation with the Executive Member for Planning and the relevant ward Councillor(s) for each stage of the neighbourhood plan making process. The Neighbourhood Development Plan is required to be brought back to Council once the local referendum had been held in order for the plan to be made.



COUNCIL – 19 FEBRUARY 2015

REVIEW OF THE CONSTITUTION REPORT OF THE MONITORING OFFICER

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To recommend updates to the Constitution in line with changing legislation, Corporate Operations Board restructure and resulting change in duties and a general review of content, clarity and consistency.
- 1.2 All substantive changes are listed in this report and the appendix. A copy of the Constitution with all recommended changes highlighted is available in the Members' Room or from the Democratic Services Officer on request.

2. RECOMMENDATION

- 2.1 That Council approves the changes to the Constitution listed in paragraph 3.4 of this report and detailed in the appended schedule.

3. BACKGROUND TO THE REPORT

- 3.1 The Constitution is updated regularly to reflect changes in legislation, and on an annual basis a full review is undertaken to ensure consistency throughout and to provide the opportunity to give consideration to all parts of the Constitution and their continuing relevance. If the review shows that changes are required, these changes are recommended to Council.
- 3.2 Some amendments to the Constitution have been agreed as part of other reports to Council throughout the year and are included here for clarity and are not for adoption. These include requiring recorded votes on precept-setting (minute 413, 20 February 2014, refers), changes as a result of the Anti-social Behaviour, Crime and Policing Act 2014 (minute 182, 23 September 2014, refers) and amendments to the Finance & Contract Procedure Rules (minute 292, 16 December 2014, refers).
- 3.3 Any amendments agreed as part of other reports to this meeting will also be incorporated.
- 3.4 General changes throughout the Constitution have been made as follows:
 - Chief Officer titles and change of duties as a result of the restructure (minute 291, 16 December 2014, refers) and for consistency
 - Correct some titles of committees that had been missed previously and ensure consistency of delegation, particularly with regard to appointing Chief Officers
 - Delegation of some operation personnel functions from Chief Officer to HR & Transformation Manager as a more appropriate level of delegation
 - Change of some duties to Legal Services Manager (from Chief Officer (Corporate Governance & Customer Engagement) where a legal qualification is required to undertake duties
 - Removal of Emergency Committee as the Emergency Planning function is now managed by Major Incident and Member Plans
 - Some references to Ethical Governance & Personnel Committee have been amended to ensure consistency with other ordinary committees as the name was changed from 'Standards Committee' in 2012 with the new regime, but some related information was not amended at the time.

3.5 More substantive proposed amendments are detailed on the appended schedule.

4. FINANCIAL IMPLICATIONS (IB)

4.1 Amendments to the Finance and Contract Rules have already been agreed by Council on the 16 December 2014.

4.2 No other financial implications arising directly from this report.

5. LEGAL IMPLICATIONS (EH)

5.1 A two thirds majority is required to make changes to the constitution. Changes are required to ensure that the Council and its officers have the legal power to act and make necessary decisions.

6. CORPORATE PLAN IMPLICATIONS

6.1 The recommendations contained within this report support all corporate visions, aims and objectives in ensuring effective operation, decision making and compliance with legislation to enable provision of services across the borough.

7. CONSULTATION

7.1 Those members and officers affected by the recommended changes have been consulted.

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 maintain an up to date constitution resulting in possible breaches of legislation	Undertake annual reviews and ensure relevant officers input into the reviews and members are aware of changes	Monitoring Officer
Lack of awareness of provisions of the Constitution and decision making processes	Ensure members and officers are aware of the provisions and receive unified advice.	Monitoring Officer / Democratic Services Officer

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 The recommendations contained within this report will not affect any particular group or community. The maintenance of the Constitution and provisions therein aim to support all who live, work, visit or are educated within the borough and to regulate

decision making and ensure powers are in place to provide services appropriate for and accessible to all.

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: Rebecca Owen, Democratic Services Officer, ext 5879

Executive Member: Councillor Bron Witherford.

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Schedule of proposed changes to the Constitution

Page number in current Constitution	Reference (para or section number)	Page number in tracked change version (in Members' Room)	Proposed change	Reason
PART 3				
38	6	47	New section to cover Anti Social Behaviour legislation, delegation action under the Crime and Disorder Act 1998 to the Deputy Chief Executive, Chief Officer, Community Safety Manager and ASB and Tenancy Manager	Previous Omission
40	7	49	Clarify that job evaluation appeals for Chief Officer level and above are considered by appeals panel	Clarification and consistency
52	3.4	62	Delete provision for diverting and extinguishing footpaths	County Council function
52	3.4	62	Insert new 3.4: To deal with dangerous trees under sections 23 and 24 of the Local Government (Miscellaneous Provisions) Act 1976 to make a tree safe – delegated to Deputy Chief Executive (Community Direction) and Chief Officer (Environmental Health)	Previous omission
56 & 57	5 6 10	67	Removal of reference to: <ul style="list-style-type: none"> • Scrap Metal Dealers Act • Sports Grounds Licensing • Performing Animal Licensing 	Superseded County Council function County Council function
74	3.9	87	<ul style="list-style-type: none"> • Change of job title and adding Chief Officer into delegation • Inclusion of delegation for signing Notices of Seeking Possession 	Change of titles Omission
75	4.4	88	<ul style="list-style-type: none"> • Making a prohibition order under sections 20 and 21 (previously just under section 20) and add in delegation to Chief Officer (Housing, Community Safety and Partnerships • Serving a Hazard Awareness Notice under sections 28 and 29 (previously just under section 28). Amend delegation to Senior Environmental Health Officer 	Omission Correct omission and amend delegation for operational expedience
76	4.4	90	<ul style="list-style-type: none"> • Power to serve an interim or final management order – new 	Operational

Page number in current Constitution	Reference (para or section number)	Page number in tracked change version (in Members' Room)	Proposed change	Reason
			<p>delegation to Deputy Chief Executive (Community Direction) and Chief Officer in consultation with the Executive member</p> <ul style="list-style-type: none"> • Add in new entry 'any function relating to houses in multiple occupation not listed separately within the Constitution (including declaration)' – delegated to the Deputy Chief Executive and Chief Officer • Revocation, variation or termination of an interim or final management order – delegate to Deputy Chief Executive and Chief Officer in consultation with the Executive member • Power to make an interim or final Empty Dwelling Management Order – delegate to Deputy Chief Executive and Chief Officer in consultation with the Executive member • Service of overcrowding notices – add in delegation to Senior Environmental Health Officer <p>At end of 4.4 add in new provisions:</p> <ul style="list-style-type: none"> • Any function relating to Interim and Final Empty Dwelling Management Orders not listed separately within the constitution – delegated to Deputy Chief Executive & Chief Officer • Any function relating to Management Orders not listed separately within the constitution – delegated to Deputy Chief Executive & Chief Officer • Demand for recovery of expenses incurred by the local authority for the service of housing notices section 49 and 50 – delegated to Deputy Chief Executive & Chief Officer • Any function relating to Improvement Notices, Emergency Remedial Action, prohibition Orders and Demolition orders not listed separately within the constitution – delegated to Deputy Chief Executive & Chief Officer 	<p>Clarification</p> <p>Operational</p> <p>Operational</p> <p>Operational</p> <p>New inclusions</p>

Page number in current Constitution	Reference (para or section number)	Page number in tracked change version (in Members' Room)	Proposed change	Reason
			<ul style="list-style-type: none"> • Authority to Enter section 239 – delegated to authorised officers • Notice Requiring Documents to be produced Section 235 – delegated to Deputy Chief Executive , Chief Officer, Senior Environmental Health Officer, Environmental Health Officer 	
77	4.7	92	Cancellation of Demolition Orders and Closing Orders and acceptance of undertakings under part IV – add Deputy Chief Executive & Chief Officer into delegation	Operational
77	4.8	92	Agree progress of the energy efficiency report as required under the Home Energy Conservation Act – add in delegation to Deputy Chief Executive and Chief Officer	Operational
81	7.7	98	Add new provision after 7.6 and before 'food safety powers': Mobile Homes Act 2014 – all actions relating to the district council function – delegate to Chief Executive, Deputy Chief Executive, Chief Officer, Senior Environmental Health Officer	New legislation
88	9.5	104	Insert new 9.5 'adoption of public open space in accordance with S106 agreements – delegated to Head of Street Scene Services	Previous omission
PART 4				
94	10.11	111	Revert back to previous provision for allowing Members to present petitions to Council (in addition to retaining Petitions Scheme for members of the public to present petitions, which remains unchanged)	Request of members to remove bureaucracy of Petitions Scheme for councillors presenting petitions
96	13.1	113	Amend requirement for a motion on notice to be signed by at least one member	To take account of the fact that motions can be delivered electronically
100	17.1	118	Amend the number of members required to sign a motion to rescind a decision to 'a quarter of the members of the body or three members, whichever is the greater'.	To enable all bodies (particularly those with fewer than eight members)

Page number in current Constitution	Reference (para or section number)	Page number in tracked change version (in Members' Room)	Proposed change	Reason
				to exercise their right to propose a motion to rescind a decision
PART 5				
189	6.5	209	Remove paragraph referring to briefings prior to planning committee	No longer relevant

Calendar 2015-16

2015

January	February	March	April	May	June	July	August	September	October	November	December
1 Th	1 Su	1 Su	1 We	1 Fr	1 Mo	1 We	1 Sa	1 Tu	1 Th	1 Su	1 Tu
2 Fr	2 Mo	2 Mo	2 Th	2 Sa	2 Tu <i>Plng</i>	2 Th	2 Su	2 We	2 Fr	2 Mo	2 We
3 Sa	3 Tu <i>Plng</i>	3 Tu <i>Plng</i>	3 Fr	3 Su	3 We	3 Fr	3 Mo <i>FAP</i>	3 Th	3 Sa	3 Tu	3 Th
4 Su	4 We	4 We <i>Exec</i>	4 Sa	4 Mo	4 Th	4 Sa	4 Tu	4 Fr	4 Su	4 We <i>Exec</i>	4 Fr
5 Mo	5 Th	5 Th	5 Su	5 Tu	5 Fr	5 Su	5 We <i>EGP</i>	5 Sa	5 Mo	5 Th	5 Sa
6 Tu	6 Fr	6 Fr	6 Mo	6 We	6 Sa	6 Mo	6 Th <i>SC</i>	6 Su	6 Tu	6 Fr	6 Su
7 We <i>Plng</i>	7 Sa	7 Sa	7 Tu	7 Th	7 Su	7 Tu	7 Fr	7 Mo <i>FAP</i>	7 We	7 Sa	7 Mo <i>FAP</i>
8 Th	8 Su	8 Su	8 We	8 Fr	8 Mo	8 We	8 Sa	8 Tu	8 Th	8 Su	8 Tu
9 Fr	9 Mo	9 Mo	9 Th	9 Sa	9 Tu	9 Th	9 Su	9 We	9 Fr	9 Mo	9 We
10 Sa	10 Tu	10 Tu	10 Fr	10 Su	10 We	10 Fr	10 Mo	10 Th	10 Sa	10 Tu <i>Cncl</i>	10 Th <i>SC</i>
11 Su	11 We	11 We	11 Sa	11 Mo	11 Th	11 Sa	11 Tu	11 Fr	11 Su	11 We	11 Fr
12 Mo <i>FAP</i>	12 Th	12 Th <i>SC</i>	12 Su	12 Tu	12 Fr	12 Su	12 We <i>Exec</i>	12 Sa	12 Mo	12 Th	12 Sa
13 Tu	13 Fr	13 Fr	13 Mo <i>FAP</i>	13 We	13 Sa	13 Mo	13 Th	13 Su	13 Tu	13 Fr	13 Su
14 We	14 Sa	14 Sa	14 Tu	14 Th <i>Induct</i>	14 Su	14 Tu	14 Fr	14 Mo	14 We	14 Sa	14 Mo
15 Th	15 Su	15 Su	15 We <i>Exec</i>	15 Fr	15 Mo	15 We	15 Sa	15 Tu <i>Cncl</i>	15 Th	15 Su	15 Tu
16 Fr	16 Mo	16 Mo	16 Th	16 Sa	16 Tu	16 Th	16 Su	16 We	16 Fr	16 Mo	16 We <i>Exec</i>
17 Sa	17 Tu	17 Tu	17 Fr	17 Su	17 We	17 Fr	17 Mo	17 Th <i>SC</i>	17 Sa	17 Tu <i>Plng</i>	17 Th
18 Su	18 We <i>EGP</i>	18 We	18 Sa	18 Mo	18 Th	18 Sa	18 Tu	18 Fr	18 Su	18 We	18 Fr
19 Mo	19 Th <i>Cncl</i>	19 Th	19 Su	19 Tu <i>ACncl</i>	19 Fr	19 Su	19 We	19 Sa	19 Mo	19 Th	19 Sa
20 Tu	20 Fr	20 Fr	20 Mo	20 We	20 Sa	20 Mo	20 Th	20 Su	20 Tu <i>Plng</i>	20 Fr	20 Su
21 We	21 Sa	21 Sa	21 Tu <i>Plng</i>	21 Th	21 Su	21 Tu <i>Cncl</i>	21 Fr	21 Mo	21 We	21 Sa	21 Mo
22 Th	22 Su	22 Su	22 We	22 Fr	22 Mo	22 We	22 Sa	22 Tu <i>Plng</i>	22 Th	22 Su	22 Tu <i>Plng</i>
23 Fr	23 Mo <i>FAP</i>	23 Mo	23 Th	23 Sa	23 Tu	23 Th	23 Su	23 We <i>Exec</i>	23 Fr	23 Mo	23 We
24 Sa	24 Tu	24 Tu <i>Cncl</i>	24 Fr	24 Su	24 We	24 Fr	24 Mo	24 Th	24 Sa	24 Tu	24 Th
25 Su	25 We	25 We	25 Sa	25 Mo	25 Th	25 Sa	25 Tu <i>Plng</i>	25 Fr	25 Su	25 We <i>EGP</i>	25 Fr
26 Mo	26 Th	26 Th	26 Su	26 Tu	26 Fr	26 Su	26 We	26 Sa	26 Mo <i>FAP</i>	26 Th	26 Sa
27 Tu	27 Fr	27 Fr	27 Mo	27 We <i>Plng</i>	27 Sa	27 Mo	27 Th	27 Su	27 Tu	27 Fr	27 Su
28 We <i>Exec</i>	28 Sa	28 Sa	28 Tu <i>Plng</i>	28 Th	28 Su	28 Tu <i>Plng</i>	28 Fr	28 Mo	28 We	28 Sa	28 Mo
29 Th <i>SC</i>		29 Su	29 We	29 Fr	29 Mo	29 We	29 Sa	29 Tu	29 Th <i>SC</i>	29 Su	29 Tu
30 Fr		30 Mo	30 Th <i>SC</i>	30 Sa	30 Tu <i>Plng</i>	30 Th	30 Su	30 We <i>EGP</i>	30 Fr	30 Mo	30 We
31 Sa		31 Tu <i>Plng</i>		31 Su		31 Fr	31 Mo		31 Sa		31 Th

Calendar 2015-16

2016

January	February	March	April	May	June	July	August	September	October	November	December
1 Fr	1 Mo	1 Tu	1 Fr	1 Su	1 We <i>Exec</i>	1 Fr	1 Mo <i>FAP</i>	1 Th	1 Sa	1 Tu <i>Cncl</i>	1 Th
2 Sa	2 Tu	2 We	2 Sa	2 Mo	2 Th	2 Sa	2 Tu	2 Fr	2 Su	2 We	2 Fr
3 Su	3 We	3 Th <i>SC</i>	3 Su	3 Tu	3 Fr	3 Su	3 We	3 Sa	3 Mo	3 Th	3 Sa
4 Mo	4 Th	4 Fr	4 Mo	4 We	4 Sa	4 Mo	4 Th	4 Su	4 Tu	4 Fr	4 Su
5 Tu	5 Fr	5 Sa	5 Tu	5 Th	5 Su	5 Tu	5 Fr	5 Mo	5 We <i>Exec</i>	5 Sa	5 Mo
6 We	6 Sa	6 Su	6 We	6 Fr	6 Mo	6 We <i>EGP</i>	6 Sa	6 Tu <i>Cncl</i>	6 Th	6 Su	6 Tu <i>Plng</i>
7 Th	7 Su	7 Mo	7 Th	7 Sa	7 Tu	7 Th <i>SC</i>	7 Su	7 We	7 Fr	7 Mo	7 We
8 Fr	8 Mo <i>FAP</i>	8 Tu	8 Fr	8 Su	8 We	8 Fr	8 Mo	8 Th	8 Sa	8 Tu <i>Plng</i>	8 Th
9 Sa	9 Tu	9 We <i>Exec</i>	9 Sa	9 Mo <i>FAP</i>	9 Th	9 Sa	9 Tu	9 Fr	9 Su	9 We	9 Fr
10 Su	10 We	10 Th	10 Su	10 Tu	10 Fr	10 Su	10 We	10 Sa	10 Mo	10 Th <i>SC</i>	10 Sa
11 Mo	11 Th	11 Fr	11 Mo	11 We <i>EGP</i>	11 Sa	11 Mo	11 Th	11 Su	11 Tu <i>Plng</i>	11 Fr	11 Su
12 Tu <i>Cncl</i>	12 Fr	12 Sa	12 Tu <i>Cncl</i>	12 Th	12 Su	12 Tu <i>Cncl</i>	12 Fr	12 Mo	12 We	12 Sa	12 Mo
13 We	13 Sa	13 Su	13 We	13 Fr	13 Mo	13 We <i>Exec</i>	13 Sa	13 Tu <i>Plng</i>	13 Th	13 Su	13 Tu
14 Th	14 Su	14 Mo	14 Th <i>SC</i>	14 Sa	14 Tu	14 Th	14 Su	14 We	14 Fr	14 Mo	14 We
15 Fr	15 Mo	15 Tu	15 Fr	15 Su	15 We	15 Fr	15 Mo	15 Th	15 Sa	15 Tu	15 Th
16 Sa	16 Tu	16 We <i>EGP</i>	16 Sa	16 Mo	16 Th	16 Sa	16 Tu <i>Plng</i>	16 Fr	16 Su	16 We <i>Exec</i>	16 Fr
17 Su	17 We	17 Th	17 Su	17 Tu <i>ACncl</i>	17 Fr	17 Su	17 We	17 Sa	17 Mo <i>FAP</i>	17 Th	17 Sa
18 Mo	18 Th <i>Cncl</i>	18 Fr	18 Mo	18 We	18 Sa	18 Mo	18 Th <i>SC</i>	18 Su	18 Tu	18 Fr	18 Su
19 Tu	19 Fr	19 Sa	19 Tu <i>Plng</i>	19 Th	19 Su	19 Tu <i>Plng</i>	19 Fr	19 Mo	19 We	19 Sa	19 Mo
20 We <i>EGP</i>	20 Sa	20 Su	20 We <i>Exec</i>	20 Fr	20 Mo <i>FAP</i>	20 We	20 Sa	20 Tu	20 Th	20 Su	20 Tu
21 Th <i>SC/FAP</i>	21 Su	21 Mo <i>FAP</i>	21 Th	21 Sa	21 Tu <i>Plng</i>	21 Th	21 Su	21 We	21 Fr	21 Mo	21 We <i>EGP</i>
22 Fr	22 Mo	22 Tu <i>Plng</i>	22 Fr	22 Su	22 We	22 Fr	22 Mo	22 Th	22 Sa	22 Tu	22 Th
23 Sa	23 Tu <i>Plng</i>	23 We	23 Sa	23 Mo	23 Th	23 Sa	23 Tu	23 Fr	23 Su	23 We	23 Fr
24 Su	24 We	24 Th	24 Su	24 Tu <i>Plng</i>	24 Fr	24 Su	24 We <i>Exec</i>	24 Sa	24 Mo	24 Th	24 Sa
25 Mo	25 Th	25 Fr	25 Mo	25 We	25 Sa	25 Mo	25 Th	25 Su	25 Tu	25 Fr	25 Su
26 Tu <i>Plng</i>	26 Fr	26 Sa	26 Tu	26 Th <i>SC</i>	26 Su	26 Tu	26 Fr	26 Mo	26 We <i>EGP</i>	26 Sa	26 Mo
27 We <i>Exec</i>	27 Sa	27 Su	27 We	27 Fr	27 Mo	27 We	27 Sa	27 Tu	27 Th	27 Su	27 Tu
28 Th	28 Su	28 Mo	28 Th	28 Sa	28 Tu	28 Th	28 Su	28 We	28 Fr	28 Mo <i>FAP</i>	28 We
29 Fr	29 Mo	29 Tu	29 Fr	29 Su	29 We	29 Fr	29 Mo	29 Th <i>SC</i>	29 Sa	29 Tu	29 Th
30 Sa		30 We	30 Sa	30 Mo	30 Th	30 Sa	30 Tu <i>FAP</i>	30 Fr	30 Su	30 We	30 Fr
31 Su		31 Th		31 Tu		31 Su	31 We <i>EGP</i>		31 Mo		31 Sa