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**HINCKLEY & BOSWORTH  
BOROUGH COUNCIL**



**Hinckley & Bosworth  
Borough Council**

**AGENDA FOR THE  
MEETING OF THE COUNCIL**

**TO BE HELD ON  
TUESDAY, 23 FEBRUARY 2021  
at 6.30 pm**



Date: 15 February 2021



**Hinckley & Bosworth  
Borough Council**

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council which will take place via Zoom on **TUESDAY, 23 FEBRUARY 2021 at 6.30 pm**

Yours faithfully

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

Miss RK Owen  
Democratic Services Manager

**AGENDA**

1. Apologies
2. Minutes of the previous meeting (Pages 1 - 8)  
To confirm the minutes of the meeting held on 15 December 2020.
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. Items will be considered at the end of the agenda.
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 14.

7. Petitions

To deal with petitions submitted in accordance with Council Procedure Rule 15.

8. Leader of the Council's Position Statement

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

9. Minutes of the Scrutiny Commission (Pages 9 - 12)

To receive for information only the minutes of the Scrutiny Commission meeting held on 4 February 2021.

10. Budget reports

(a) Medium Term Financial Strategy (Pages 13 - 56)

(b) General fund budget (Pages 57 - 76)

(c) Calculation of council tax for 2021/22 (Pages 77 - 84)

(d) Housing revenue account budget (Pages 85 - 98)

(e) Fees and charges (Pages 99 - 128)

(f) Capital programme 2020-21 to 2023-24 and capital strategy (Pages 129 - 150)

(g) Treasury management and prudential indicators (Pages 151 - 192)

11. Motions received in accordance with Council Procedure Rule 17

(a) Motion from Councillor M Mullaney, seconded by Councillor Sheppard-Bools

1. Council notes that:

- a. Carers – paid and unpaid, young and old – do a remarkable and important job. They are an integral part of our community in Hinckley and Bosworth. They deserve our support, but are far too often forgotten and ignored.
- b. Carers in Hinckley and Bosworth and across the country face big challenges every single day; challenges that have been made even harder by the Covid-19 pandemic. Most are having to spend more time looking after loved ones during the pandemic, most haven't been able to take a single break since it started, and most are simply exhausted.
- c. Situations provoking care interventions can happen with little warning. Often those giving care have to reduce their working hours or give up work to juggle competing demands.
- d. The pressures on young carers can negatively impact on their experiences and outcomes in education, having a lasting effect on their life chances.
- e. Many carers are unaware of their entitlement to financial support, a carer's assessment or break, and the support services available.

2. Council further notes that:

- a. 1,167 full-time unpaid carers in Hinckley and Bosworth rely on carer's allowance.
- b. At just £67.25 a week, carer's allowance is the lowest benefit of its kind.
- c. In response to the Covid-19 pandemic, the government increased the universal credit standard allowance and the working tax credit basic element by £20 a week above the planned uprating in April 2020, but it has not increased carer's allowance.
- d. Many unpaid carers are facing extreme financial hardship. A recent

survey by Carers UK found that more than a third of those on carer's allowance are struggling to make ends meet. Many have been struggling for months, often relying on foodbanks to feed themselves and the people they care for.

- e. The Carers UK survey found that "43% of carers felt that a rise in carer's allowance would help them, given the financial pressures they are facing".

3. Council resolves that:

- a. We must stand up for carers, do more to support them, and build a more caring society as we emerge from the Covid-19 pandemic.
  - b. We will review how carers in Hinckley and Bosworth are made aware of existing support that is available and to bring back any recommendations to Hinckley and Bosworth.
  - c. We will promote Young Carers Action Day on 16 March 2021 as widely as possible on an annual basis, particularly to young carers and their families.
4. Council calls on the Chief Executive to write to the Chancellor of the Exchequer and the Secretary of State for Work and Pensions, urging them to raise carer's allowance by £20 a week immediately, in line with the increase in universal credit, and copy in our local MPs, asking for their support.

(b) Motion from Councillor R Allen, seconded by Councillor Cope

In our work as councillors, many of us have been asked to assist residents who are experiencing problems arising from 'private roads'. These issues can be wide ranging, from problems with maintaining and paying for maintenance of such roads to bitter entrenched neighbour disputes where hundreds of hours of police, council officer and elected representatives' time is expended on outwardly trivial matters.

Increasingly we are witnessing developers utilise 'private roads', which are not to an adoptable standard, as a cheap option to access smaller parcels of land with no concern for the future consequences.

This motion proposes:

- (i) This Council, as part of its current ongoing local development plan review, adopts a policy of requiring all roads and accesses contained in planning proposals to be of an adoptable standard if at all possible;
- (ii) This Council writes to the Minister for Housing, Communities and Local Government requesting that this issue be considered and addressed in the National Planning Policy Framework.

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## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

15 DECEMBER 2020 AT 6.30 PM

PRESENT: CLLR L HODGKINS - MAYOR  
CLLR E HOLICK – DEPUTY MAYOR

Cllr CM Allen, Cllr RG Allen, Cllr DC Bill MBE, Cllr SL Bray,  
Cllr MB Cartwright, Cllr JMT Collett, Cllr MA Cook, Cllr MJ Crooks,  
Cllr WJ Crooks, Cllr DJ Findlay, Cllr REH Flemming, Cllr A Furlong,  
Cllr SM Gibbens, Cllr DT Glenville, Cllr C Ladkin, Cllr MR Lay,  
Cllr KWP Lynch, Cllr K Morrell, Cllr LJ Mullaney, Cllr MT Mullaney,  
Cllr K Nichols, Cllr LJP O'Shea, Cllr A Pendlebury, Cllr MC Sheppard-  
Bools, Cllr BR Walker, Cllr R Webber-Jones, Cllr HG Williams and  
Cllr P Williams

Officers in attendance: Matthew Bowers, Mark Brymer, Bill Cullen, Edwina Grant, Julie Kenny, Rebecca Owen and Sharon Stacey

### 581 APOLOGIES

Apologies for absence were received from Councillors Boothby, Cope, Roberts and Smith.

### 582 MINUTES OF THE PREVIOUS MEETING

It was moved by Councillor Bray, seconded by Councillor Webber-Jones and

RESOLVED – the minutes of the meeting held on 27 October be approved as a correct record.

### 583 DECLARATIONS OF INTEREST

Councillor R Allen declared a pecuniary interest in item 15(c) as an employee of the Member of Parliament.

Councillor Pendlebury declared a personal interest which might lead to bias in item 15(a) as a practicing nurse employed by the NHS.

### 584 MAYOR'S COMMUNICATIONS

The Mayor reminded members that the video of the virtual Christmas lights switch-on event was available online. She also reported that she would be hosting the Christmas Car Lights Trail the following evening and that it would take on a different form this year. The Mayor invited members to attend her Chaplain's virtual service on Christmas Eve.

The Mayor concluded her speech by thanking officers of the council for their hard work over the year and in particular linked to the covid pandemic.

### 585 QUESTIONS

(a) Question from Councillor R Allen to the Executive member for Finance:

"We note the news that UBS Asset Management have completed a £4.5m acquisition of the Sainsbury's supermarket in the Crescent and, as ever, welcome investment in our borough.

Will the Executive member please confirm the return on this council's investment in the Crescent scheme?

Will the Executive member further confirm that all loans in relation to the Crescent project have been repaid and cumulative interest received by this council on those loans, versus the interest paid by the council on all and any loans taken out to fund any aspect of the Crescent project?"

Response from Councillor Lynch:

#### **"Return on Investment**

The primary reason for the Council investing in Block C was to ensure that the whole Bus Station development was secured. Without this other investors at the time, such as Sainsbury's were considering pulling out. Also the lead Developer would have found it unviable if we were not to have invested and there was either a risk of partial or even no regeneration meaning the desired economic and regeneration aspect would have been lost.

Net income from Block in 2019/20 before financing costs was £194k, after financing costs of £190.7k, the regeneration investment makes a small surplus of £3.3k. This is after allowing for any untenanted costs that the Council has to fund but excludes business rates that are collected from the development. Once the empty units are let, the return will increase substantially. The Hoped for rental of the two remaining units will be between £100k to £140k depending on future negotiations. Obviously the pandemic has had an impact on filling the units during the current year, which hopefully will change in the near future.

The direct return is not the only way in which the Council has benefited from the Crescent development. Whole site has rates of £0.6m, with HBBC being better off by its share being £0.24m. This add to the overall return. Block C's element alone for business rates is £194.4k, the 40% HBBC element being £77.8k

#### **Loans**

Between 2012/13 and 2015/16 a total of £10.849m was financed, but only £5m was actual PWLB borrowing. The £10.849m financing was also in relation to the Leisure Centre (£4,931m) and Crescent Development (£4.060m). If an assumption is made that £5m loan was taken to underpin £10.849m of capital financing, the Crescent element of financing £190.7k, which is MRP of £135.3k and interest of £55.4k However, the split of the loan is notional for internal purposes.

The £5m loan, that has a notional allocation to Block C, will not be fully repaid for a further 42 years, as HBBC will be servicing HRA loans of almost £3m a year until 2037, therefore fits into a portfolio of debt financing to suit treasury management requirements .

There was a few short term loans amounting £7m to help with cash flows to the developer, but this has all been repaid and none was for over a year.

It is worth noting that loan decision are made in relation to treasury management requirements and not automatically taken out at the commencement of a project unless cash flow requirements merit."



In a supplementary question, Councillor Allen requested figures for the total amount invested in the project, the total amount that had come back and the return on investment. In relation to the loans, he asked for confirmation of the anticipated interest payments.

In response, Councillors Lynch agreed to send a written response to Councillor Allen outside of the meeting.

(b) Question from Councillor Ladkin to the Executive member for Finance:

"I would like to ask the Executive member responsible for a full and considered update on the planning and construction of the Hinckley crematorium"

Response from Councillor Lynch:

"Kier Construction have been appointed as the Main Contractor for developing Hinckley Crematorium. Following detailed talks, complicated by the Covid19 pandemic and Brexit trade negotiations, Kier have signed the JCT Design and Build 2016 form of contract within the project budget approved at the Extraordinary Full Council meeting of 14th July 2020.

I am pleased to announce that works will commence on site on the 11<sup>th</sup> January and are to follow a 50 week programme and we are now in preparation organising the Councils Wholly Owned Company to take occupation and run the future Crematorium Services for the benefit of the people living in Hinckley and Bosworth".

By way of supplementary questions, Councillor Ladkin asked whether reserves would need to be used to make up the shortfall due to the delay in the project, whether there would be financial penalties for the contractor should completion take longer than 50 weeks and whether the financial models that had been used to select the method of running the crematorium could be considered by the Scrutiny Commission.

In response, Councillor Lynch stated that the delays had been accounted for in the previous budget. He agreed to check whether the Scrutiny Commission had already reviewed the financial model and if not, ask them to receive a report. In relation to delays by the contractor, he explained that there could not be a penalty clause in a building contract, only liquidated damages claims for matters within the control of the contractor.

(c) Question from Councillor Crooks to the Executive member for Planning:

"Can the Executive member for Planning please advise if there is anything that can be done through existing or proposed legislation to minimise and, if possible, prevent the removal of hedgerows from fields etc? We believe there has been an increasing number of hedgerows being removed as we see it through the planning process which appears at odds with our adopted position on climate change"

Response from Councillor Bill:

"Thank you Councillor Crooks for your question. I personally feel strongly about this topic as I am sure you and many more of my fellow Councillors do. Unfortunately I am sorry to report that our ability to protect hedgerows is quite limited.

However, if the removal of a hedgerow is proposed as part of a planning application then each case will be considered on its individual merits, taking account of ecology and its role in wider landscape terms.

The vast majority of new development seeks to retain the existing hedgerows albeit there may be requirements to puncture through parts of the hedgerow to form vehicular access etc. Officers in their assessment of applications also seek to retain hedgerows where ever possible.

As part of planning applications it is often conditioned that certain hedgerows are retained however the condition can only be enforced if the development has been commenced. If they remove the hedge prior to the commencement of development then there is no breach of planning control. There is no condition or agreement that can be put in place through the planning process that can prevent this from happening.

If work to a hedgerow is undertaken outside of the planning process, then regard should be had to the Hedgerow Regulations 1997. However, consent is only required if the Hedgerow is deemed "important". This is defined within the Hedgerow Regulations 1997 Paras 1-8 and unfortunately I understand that only a small number of hedgerows fall into the category of requiring protection.

I would like to see stronger legislation to ensure we retain and protect as much of our important hedgerows as we can."

In his supplementary question, Councillor Crooks explained that his concern related more to removal of hedgerows on farms by the landowner rather than by a developer to make way for housing. In response, Councillor Bill undertook to ask officers to investigate further and he would provide a written response.

#### 586 LEADER OF THE COUNCIL'S POSITION STATEMENT

In his position statement, the leader wished members, officers and residents a happy Christmas and expressed his pride in the work of staff. He congratulated Dr Evans, MP, for his recent Patchwork Foundation award, expressed his disappointment that the borough had been placed in tier 3, encouraged members to shop locally and highlighted the installation of electric vehicle charging points in two town centre car parks. He also referred to Britishvolt setting up its new global headquarters at MIRA Technology Park, progress on enforcement linked to the Klondyke and the national financial settlement.

In response to a question about the electric vehicle charging points, Councillor Bray agreed to arrange for a briefing note to be sent out to members.

#### 587 MINUTES OF THE SCRUTINY COMMISSION

Councillor Lay presented the minutes of the last Scrutiny Commission meeting, commending the presentation of the work of the VCS in partnership with the council and thanking the Chief Executive for the impromptu covid briefing.

#### 588 STATEMENT OF LICENSING POLICY

Consideration was given to the Statement of Licensing Policy as required by the Licensing Act 2003. It was moved by Councillor Cartwright, seconded by Councillor Sheppard-Bools and

RESOLVED – the Licensing Policy be adopted.

589 REFRESH OF RURAL STRATEGY

The refreshed Rural Strategy was presented to Council. It was noted that some of the items on the parish councils' "wish lists" were not within this authority's control or financially viable. In relation to an action plan, it was noted that this was being developed and work was still ongoing with parishes.

Concern was expressed about local policing and it was confirmed that the new LPU Commander was happy to attend member meetings. Members were reminded that the next Community Safety Partnership Joint Scrutiny meeting was scheduled for March.

On the motion of Councillor Cartwright, seconded by Councillor Webber-Jones, it was

RESOLVED – the refreshed Rural Strategy and appendices be endorsed.

590 REVIEW OF COUNCIL'S CONSTITUTION

In presenting the amendments to the council's constitution, Councillor Bray highlighted an addition in the supplementary agenda proposing a change to how motions and amendments were handled. It was moved by Councillor Bray, seconded by Councillor J Crooks and unanimously

RESOLVED – the amendments listed in the appendices to the report and the supplementary agenda be approved.

591 PETITION SCHEME

In presenting the updated Petition Scheme, Councillor Bray drew attention to the addition in the supplementary agenda in relation to single parish or village issues. In response to a question from a councillor, it was noted that petition organisers and signatories had to be over 18 years old, but there may be exceptional circumstances where a supplementary petition from those under 18 would be accepted in support of the main petition. It was moved by Councillor Bray, seconded by Councillor J Crooks and

RESOLVED – the Petition Scheme be adopted.

592 APPOINTMENTS TO CHARITABLE BODIES

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

RESOLVED – the following appointments to charitable bodies be approved:

- (i) Alderman Newton's Educational Foundation, Barwell:  
Mr M Hulbert;
- (ii) The Dixie Educational Foundation:  
Cllr M Cartwright  
Cllr M Cook  
Cllr W Crooks  
Mrs J Glennon.

593 MOTIONS RECEIVED IN ACCORDANCE WITH COUNCIL PROCEDURE RULE 17

- (a) Motion from Councillor Bray, seconded by Councillor Nichols

Having declared an interest in this item, Councillor Pendlebury left the meeting at 7.37pm.

Councillor Bray, seconded by Councillor Nichols, proposed the following motion:

“This Council notes the Government’s decision to place Hinckley and Bosworth, along with the rest of Leicestershire in Tier 3. The Council also notes that Hinckley and Bosworth has the lowest Covid rate per 100,000 in the County, significantly lower than Leicester and a number of other places.

This Council further notes that case rates in Hinckley and Bosworth are falling.

The Council expresses its thanks and congratulations to the residents in the borough for their efforts and sacrifices which have helped to bring our numbers down.

This council believes the Tier 3 restrictions will a devastating blow on businesses in the Borough, particularly our hospitality and leisure sector, many of whom have invested significantly in measures to keep their customers safe.

The Council instructs the Chief Executive to write to the Government to:

1. Express the Council’s concerns for businesses in the Borough and request that further resources be given to the Council to help support these businesses.
2. Ask the Government to reconsider the decision to lump together the whole county when deciding on which tiers put each local authority in.
3. Urge the Government to look again at Hinckley and Bosworth’s progress in the first promised review on December 16th with a view to moving the Borough down the tier system before Christmas.”

RESOLVED – the motion be supported.

- (b) Motion from Councillor Ladkin, seconded by Councillor Morrell

This motion was withdrawn.

Councillor Pendlebury returned to the meeting at 8.11pm.

- (c) Motion from Councillor Roberts, seconded by Councillor Smith

This motion was withdrawn.

- (d) Motion from Councillor Bill, seconded by Councillor Walker

Councillor Bill, seconded by Councillor Walker, proposed the following motion:

“The Leicester and Leicestershire Local Enterprise Partnership (LLLEP), of which this Council is a member, has a Strategic Economic Plan (SEP) which covers the period 2014 to 2020 and is therefore now due for renewal.

A key element of the plan is the designation of a wide section of the County as the “South West Leicestershire Growth Area” an area which encompasses the so called

Golden Triangle formed by the M69, M1 and A5 and which spreads well into the Hinckley & Bosworth area. The significance of this designation is outlined on page 47 of the plan, which states:

“The South-West Leicestershire Growth Area offers a unique combination of key commercial and employment hubs. These provide the opportunity to harness major employment and housing opportunities for Leicester and Leicestershire. The M1 corridor (including the M69/M1 junction 21 location) and A5 corridor are crucial economic areas in their own right, with established and expanding services, distribution, retail and leisure roles providing thousands of jobs for the sub-region”

The emergence of the proposal for a rail freight terminal adjacent to Burbage Common demonstrates how the SEP could be taken as a justification for this unwelcome over-development over important countryside.

Countryside and green spaces are vitally important for localities and are highly valued environmental, community and economic assets.

The Council will, through its membership of the LEP, strive to ensure that the LEP's future plans and strategies recognise the benefits of the provision of countryside and green space and ensure that protecting the natural environment and the interests of the people who live here is given at least as much weight as the ambitions of the ever increasing logistics industry.”

RESOLVED – the motion be supported.

(The Meeting closed at 8.28 pm)

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MAYOR

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## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### SCRUTINY COMMISSION

4 FEBRUARY 2021 AT 6.30 PM

PRESENT: Cllr MR Lay - Chairman  
Cllr C Ladkin and Cllr P Williams – Vice-Chairmen

Cllr JMT Collett, Cllr MJ Crooks, Cllr SM Gibbens, Cllr LJ Mullaney, Cllr A Pendlebury, Cllr MC Sheppard-Bools, Cllr R Webber-Jones and Cllr HG Williams

Also in attendance: Councillor MA Cook and Councillor KWP Lynch

Officers in attendance: Matthew Bowers, Bill Cullen, Julie Kenny, Rebecca Owen, Sharon Stacey, Rebecca Valentine-Wilkinson and Ashley Wilson

#### 639 MINUTES

It was moved by Councillor H Williams, seconded by Councillor Webber-Jones and

RESOLVED – the minutes of the meeting held on 26 November 2020 be confirmed as a correct record.

#### 640 DECLARATIONS OF INTEREST

No interests were declared.

#### 641 BUDGET REPORTS

##### (a) Medium Term Financial Strategy

Members received the Medium Term Financial Strategy for 2021/22 to 2023/24, with current and anticipated pressures being highlighted. During discussion, reference was made to:

- The net reserve figures
- The phasing out of the New Homes Bonus
- Collection fund adjustments
- The savings put forward by Directors
- The increase in fee charges linked to green waste and council tax
- The impact of coronavirus restrictions on high streets and, as a result, business rates
- The importance of not using earmarked reserves to pay for structural deficits
- The crematorium project, which would be completed in the final quarter of 2021/22
- The support provided to businesses during the coronavirus pandemic which would be covered by the government.

It was explained that a balance had to be achieved between making savings and minimising service reduction and compulsory redundancies and, in anticipation of the need to make savings, over the last year a number of permanent post vacancies had not been filled. It was also noted that entering into and leading on partnerships had produced many savings. A member queried the depth in which savings had been investigated, for example stationary supplies, and in response officers reported that efficiencies had been made over several years including supplies and services. The organisation had become

lean and this was reflected in the council's relative position nationally as one of the lowest council tax rated authorities.

In relation to the impact of coronavirus restrictions on retail, it was noted that figures showed market towns had fared better than cities and it was reported that interest continued to be expressed in vacant units in Hinckley.

A member asked for a calculation to be provided when the Medium Terms Financial Strategy was considered by Council to show what level the council tax would be if the green waste service was provided at no additional cost to users.

RESOLVED – the report be noted.

(b) General fund budget

The proposed general fund revenue budget was presented to the meeting.

In discussing grants for businesses during the coronavirus restrictions provided by the government and administered by the authority, it was expected that these would be completely covered by the government for 2020/21, however it was noted that these were shown within the corporate services budget for accounting purposes.

With regard to the leisure centre, it was noted that whilst restrictions were in place the leisure centre operator could claim support from the council under the contract but this would no longer be an obligation once restrictions were lifted. It was also noted that the impact of loss of legal fees for non-collection of council tax would return to normal.

In relation to costs of bed & breakfast, reference was made to the 'everyone in' initiative which was developed by the government during the first lockdown in order to accommodate anyone who was rough sleeping or at risk of rough sleeping. The challenge was finding suitable properties to move those people onto, particularly due to the majority of those accommodated being single persons and the low number of one-bedroomed properties available, and the complex needs of some of those people for which support would be provided. The anticipated further increase in homelessness once the full financial impact of Covid-19 affected residents was highlighted, along with the anticipated increase in evictions once the current suspension of evictions was lifted. It was noted that, whilst the council worked to support its tenants and eviction was a very last resort, the majority of landlords were in the private sector and the council had little input into their operations.

RESOLVED – the report be noted.

(c) Housing revenue account budget

Consideration was given to the housing revenue account budget for 2021-22.

RESOLVED – the report be noted.

(d) Fees and charges

The scale of fees & charges for 2021/22 was presented to members.

RESOLVED – the report be noted.



- (e) Capital programme 2020-21 to 2023-24 and capital strategy

The capital strategy and capital programme were received by members.

RESOLVED – the report be noted.

- (f) Treasury management and prudential indicators

Members received the prudential indicators for 2020/21 to 2023/24 and the treasury management strategy for 2020/21 to 2023/24. Discussion ensued on borrowing, savings and risk.

RESOLVED – the report be noted.

642 MINUTES OF FINANCE & PERFORMANCE SCRUTINY

The minutes of the Finance & Performance Scrutiny meetings held on 5 October and 23 November 2020 were received for information.

(The Meeting closed at 8.00 pm)

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CHAIRMAN

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	4 February 2021
Council	23 February 2021

Wards affected:	All wards
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### Medium Term Financial Strategy 2021/22-2023/24 (Summary)

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Report of Head of Finance (Section 151 Officer)

#### 1. Purpose of report

- 1.1 To seek Council's approval for the 2021/22-2023/24 Medium Term Financial Strategy (MTFS) attached to this report.
- 1.2 The MTFS has been prepared taking into account the Corporate Plan 2017 to 2021 and the Corporate Plan Annual Refresh, it should be read in conjunction with the Capital Programme, General Fund and HRA budgets, which are presented separately.

#### 2. Recommendation

- 2.1 That the Council approve the updated Medium Term Financial Strategy (MTFS) update for 2021/22 to 2023/24.

#### 3. Background to the report

- 3.1 The purpose of the MTFS is to:
  - Structure and manage the Council's finances to support and deliver the council's objectives.
  - Inform decision on expenditure and savings to sustain Council services.
  - Engage officers and members in "owning" the process by which Council finances are managed.
- 3.2 The MTFS refresh 2021/22 – 2023/24 sets the framework for continuing to deliver high quality local services to residents and businesses, but comes at a very uncertain time due to the lack of a clear longer term financial settlement

from Government. It enables the Council to deliver on its commitments contained in our Corporate Plan and Covid-19 Recovery Strategy - such as investment in new economic initiatives to improve our market towns, investment in business units, investment in new housing, delivery of employment and skills programmes and the delivery of a new Crematorium.

- 3.3 This MTFS comes at the end of a difficult year, with the Covid pandemic placing many pressures on the council during 2020/21, with only a one year settlement to inform financial planning. However, we are expecting to end the 2020/21 year in balance and achieving our 15% minimum general fund target.
- 3.4 As Central Government have not issued a clear intent of what will happen in future years, this MTFS has been restricted to a three year outlook due to the high level of uncertainty, instead of the normal five year outlook. Information from ongoing consultation, and from our advisors, is not definitive, but indicates major changes to the New Homes Bonus scheme and the level of business rate income funding that can be retained. This means there is likely to be a sizeable reduction to district council funding going forward. The Council has already seen a £1.6m (32%) reduction in real spending power arising from Government cuts in funding over the last five years.
- 3.5 The current administration have agreed to difficult decisions in the face of uncertainty to ensure that these pressures are addressed, but that these actions are proportionate and balanced with the high level of uncertainty of having only a one year financial settlement. In summary these actions are:
- a £5 increase in Council Tax for 2021/22 (which would still leave us in the bottom 15 lowest charging District Councils)
  - a £6 increase in Garden Waste, to £30 (Still the lowest of the six charging councils in Leicestershire)
  - Director led savings of £0.5m to be delivered in 2021/22 to 2022/23 (including savings to the HRA)
  - the Development of a savings plan for 2023/24 of £0.96m if needed,
  - No recurring supplementary requests for the period of the MTFS, unless matched by recurring savings.
- 3.6 Without these actions the savings required in the MTFS would have been on the scale of £2m-£2.3m by 2023/24. This would not have been either sustainable or manageable without significant reductions in jobs and services. By taking these decisions now, it is anticipated the council will be in a better position to manage the pressures faced.
- 3.7 It should be noted that the Council have already taken action and is exploring new income streams to become more self-reliant. For example, the new crematorium and the on-going negotiations to invest in projects in the Mira Enterprise Zone. Other areas are:
- maintaining a 5% vacancy factor saving in the region of £0.6m a year,
  - managing working capital to minimise borrowing, with a current under-borrowed level of almost £22m saving considerable costs in interest,
  - Rentals from the Crescent investments and other tenancies, and

- Use of discretion on business rates to attract new businesses to the area to bring in new rates income,
- Delivery of the Economic Regeneration Strategy and the COVID-19 Recovery Strategy to drive future investment into the borough.

3.8 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 1-2% in year, the application of 0% represents an effective saving on running costs.

### Summary MTFS information

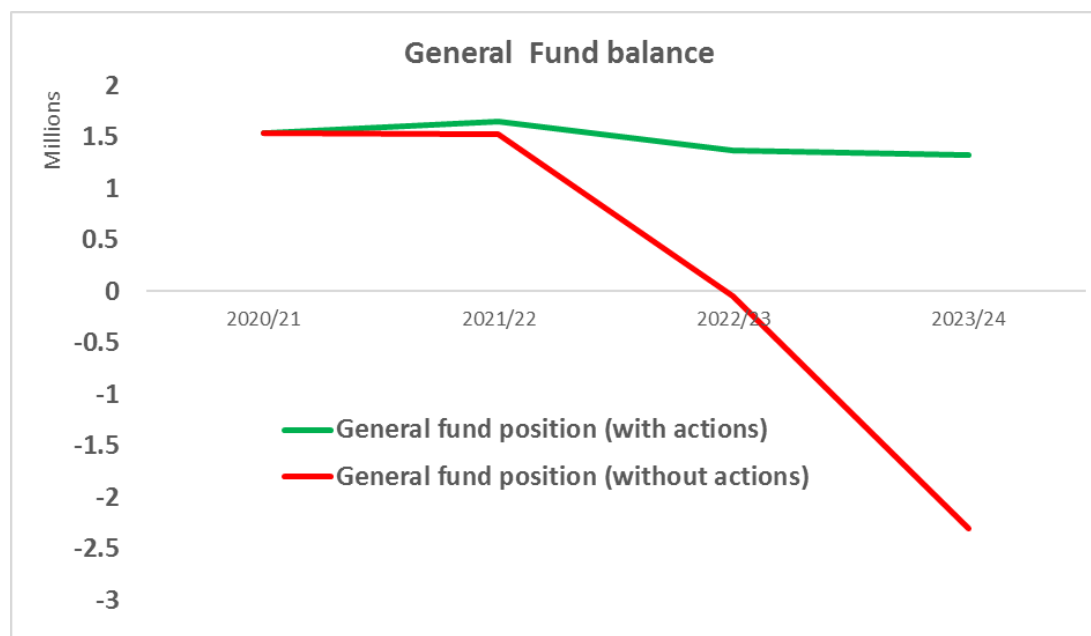
3.9 The MTFS update (full details are in the attached MTFS document at Appendix 1) is one of a suite of documents, which inform the financial strategy of the Council. These include the Capital Programme, HRA Investment Strategy and Treasury Management Policy, all of which should be read in conjunction with this document. A summary of the overall MTFS excluding Special Expenses is given in the table below. The Special expenses budget is given in the General Fund budget report, and is summarised in the Appendix to the MTFS.

3.10 The table below gives a high-level overview of the expected overall net budget requirement and general fund reserve movements between 2020/21 to 2023/24 (Excluding Special Expenses).

<b>FINANCIAL FORECAST 2020/21 to 2023/24</b>	<b>2020/21 LA £</b>	<b>2021/22 Forecast £</b>	<b>2022/23 Forecast £</b>	<b>2023/24 Forecast £</b>
Net Service Expenditure	11,082,610	12,069,472	15,805,260	11,810,326
Budget changes (net)	716,862	-90,732	-168,414	84,917
Variances forecast	-460,000	0	0	0
Supplementary/Reversals of one off supplementary budgets	601,454	0	0	0
Collection Fund Adjustment	-3,826,520	3,826,520	-3,826,520	0
Savings needed	0	0	0	-965,000
<b>NET Borough Budget Requirement</b>	<b>8,114,406</b>	<b>15,805,260</b>	<b>11,810,326</b>	<b>10,930,243</b>
Pension adjustments	-1,346,350	-1,585,970	-1,585,970	-1,585,970
Contribution to Reserves	6,280,520	660,000	175,990	30,000
Contribution from Reserves	-2,592,560	-4,107,432	-1,061,700	-530,000
Transfer from unapplied grants	-260,581	0	0	0
Contribution to/( from) Balances	-98,916	105,047	-279,586	-37,121
<b>NET BUDGET/FORECAST EXPENDITURE</b>	<b>10,096,519</b>	<b>10,876,905</b>	<b>9,059,268</b>	<b>8,833,152</b>
<b>Performance against target</b>	<b>15.23%</b>	<b>15.11%</b>	<b>15.05%</b>	<b>15.02%</b>
<b>Council Tax charge</b>	<b>£115.50</b>	<b>£120.50</b>	<b>£122.78</b>	<b>£125.12</b>

## General Fund Scenarios

- 3.11 The Table below gives the comparison of the General fund position if the actions noted above (paragraph 3.5) were not taken, with the forecast included in the table above. This indicates that these decisions and actions, should secure the financial position of the council, if delivered as expected and assumptions used are reasonable.



- 3.12 The main reason for the pressure on the Council's finances over the MTFs period, is the expected impact of the fair funding review and the reset of business rates. NHB is expected to be phased out, (although consultation on its replacement is promised) and business rates growth redistributed based on a needs assessment. This is an anticipated loss of over £2m by 2023/24. The table below gives the expected level of key Government funding based on the one year settlement and available information on expectation over the next few years.

	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
Lower Tier Support Grant	0	429	727	684
Council Tax	4,504	4,666	4,797	4,932
NNDR	3,966	4,323	3,400	3,362
Collection fund loss/Surplus	-15	567*	-145	-145
New Homes Bonus	1,642	892	281	0
<b>Total</b>	<b>10,097</b>	<b>10,877</b>	<b>9,059</b>	<b>8,833</b>

\*The higher surplus is a one off generated by the releases unused business rates appeal provision balances.

- 3.13 The 2021/22 one year financial settlement had positive news in terms of a new Lower Tier Support Grant, aimed at ensuring lower Tier Core funding – excluding business rates growth- remains at the same level as the prior year. Although no announcement has been made this will continue, it gives some insight into the Government thinking on how it may support councils during the fair funding review and business rates reset. This support is sometimes referred to as “damping”. Therefore the basis of the calculation has been used to make an assumed forecast of likely support during the MTFS period. This key assumption is not without risk. Further information is in Appendix 1, (the MTFS).

### **Risk analysis**

- 3.14 An MTFS is based on a set of key assumptions, these cover costs and income projections and what they are based on. The two most significant ones are below, but further analysis is in section 9 of appendix 1:
- 1) The Fair Funding review and business rates reset are likely to impact on the 2022/23 year leading to the need to make savings in 2023/24 of £0.96m which are yet to be scoped and finalised. If this assumption is altered, for example if Central Government delay the reforms for another year, then there would be no need for the £0.96m of savings to be made in 2023/34. Therefore this is a key assumption. Our advisers feel that the fair funding review is likely to go ahead.
  - 2) The Lower Tier Grant, or equivalent, will be continued as a method for supporting district councils for the duration of the MTFS. It will lead to a loss of £1.4m of income and will need saving of £600,000 in 2022/23 and £1,000,000 in 2023/24.

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

- 4.1 Report is to be taken in open session.

## **5. Financial implications [AW]**

- 5.1 In the Body of the report.

## **6. Legal implications [MR]**

- 6.1 The MTFS provides the foundations to allow the Council to meet its statutory obligations in accordance with Section 32 of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003. The Council has a statutory requirement to set a budget for each financial year and approve the MTFS, including a three year capital programme.

## **7. Corporate Plan implications**

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

## **8. Consultation**

- 8.1 All members of the Strategic Leadership Team have been consulted in preparing this Strategy.

## **9. Risk implications**

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) risks		
Risk description	Mitigating actions	Owner
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 have been maintained to ensure financial resilience	A Wilson

## **10. Knowing your community – equality and rural implications**

- 10.1 The budget process will impact on all areas of the Borough and all groups within the population.

## **11. Climate implications**

- 11.1 The stewardship of the financial resources of the council underpin all policy actions to address the council's objectives in ensuring it manages its



resources to ensure climate considerations are achieved in accordance with the corporate plan.

## **12. Corporate implications**

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

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

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Background papers: Corporate Plan, Capital Programme, General Fund and HRA budgets and Treasury report

Contact officer: Ashley Wilson  
Executive Member: Cllr K.Lynch

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Hinckley & Bosworth  
Borough Council

# **Medium Term Financial Strategy 2021/22- 2023/24**

## **1. MEDIUM TERM FINANCIAL STRATEGY 2020/21 - 2023/24**

1.1. The purpose of the Medium Term Financial Strategy (MTFS) is to:

- Outline how the Council wants to structure and manage its finances to ensure it fits with and supports the delivery of the council's objectives set out in its Corporate Plan.
- Engage officers and members in "owning" the process by which Council finances are managed.

1.2. The MTFS has been prepared taking into account the adopted Corporate Plan Refresh and should be read in conjunction with the Capital Programme, General Fund and HRA budgets, which are presented separately.

## **2. Executive Summary**

2.1 The MTFS is fundamental to securing the key ambitions and objectives of the Council's Corporate Plan. The MTFS refresh 2021/22 – 2023/24 sets the framework for continuing to deliver high quality local services to residents and businesses, but comes at a very uncertain time due to the lack of a clear longer term financial settlement from Government. It enables the Council to deliver on its commitments, such as the delivery of its Covid-19 Recovery Strategy including investment in new economic initiatives to improve our market towns, for investment in new business units and housing, the delivery of employment and skills programmes and delivery of the Crematorium in Hinckley.

2.2 This MTFS comes at the end of a difficult year, with Covid placing many pressures on the council during 2020/21, with only a one year settlement to inform financial planning. Despite these pressures, and having to deal with loss of fees, with some financial assistance of central government, and prudent financial management, we are expecting to end the 2020/21 year in balance and achieving our 15% minimum general fund target. The Council has also managed to set aside a minimum of £0.7m from Government grant funding and the use of an additional £300k historic Enterprise Zone business rates to invest and support local businesses and local employment and skills programmes. The Council is also in a position to set up a £0.5m Financial Resilience Reserve to help with future pressures.

2.3 As Central Government have not issued a clear intent of what will happen in future years, this MTFS has been restricted to three year outlook due to the high level of uncertainty, instead of the normal five year outlook. Even the Chancellor has decided to put off a three year settlement due to the high level

of uncertainty that the current economic situation in the UK faces. Information from ongoing consultation, and from our advisors, is not definitive and covers potential areas of change, which indicates a significant risk to sources of income that have been a core part of HBBC's financing in the past. This involves major changes to the New Homes Bonus (NHB) scheme and the level of business rate income funding that can be retained. This means there is likely to be a sizeable reduction to district council funding.

- 2.4 The current administration have taken difficult decisions in the face of uncertainty to ensure that these pressures are addressed, but that these actions are proportionate and balanced with the high level of uncertainty of having only a one year financial settlement. In summary these actions are:
- a £5 increase in Council Tax for 2021/22 (which should still leave us in the bottom 15 lowest charging District Councils)
  - a £6 increase in Garden Waste, to £30 (still the lowest of the six charging councils in Leicestershire)
  - Director led savings of £0.5m to be delivered of 2021/22 to 2022/23 (including savings to the HRA)
  - the Development of a savings plan for 2023/24 of £0.96m if needed,
  - No recurring supplementary requests for the period of the MTFS.
- 2.5 Without these actions the savings required in the MTFS would have been on the scale of £2m-£2.3m by 2023/24. This would not have been sustainable or manageable without significant job losses and service reductions. By taking these decisions now, it is hoped the council will be in a better position to manage the pressures faced.
- 2.6 These difficult decisions for 2021/22 have put the council in a stronger position to face the risk of future income cuts. Even with the £5 council tax increase HBBC will be in the lowest 15 council tax levels in England. The increase of £6 to £30 for garden waste, will still mean the Council will be the lowest out of the six charging council for garden waste in Leicestershire.

### **3. BACKGROUND TO THE REPORT**

#### **Introduction**

- 3.1 This refresh of the MTFS builds on the position agreed at the February 2019 Council meeting and is an integral element of the financial planning procedures of the Council and forecasts how the Council will remain financially resilient and sustainable as an organisation. The MTFS update sets out the council's financial position for the years 2021/22 to 2023/24, giving a

total three-year outlook. The further into the future predictions are made, particularly in uncertain times, means that information should be interpreted with care and may change significantly when the next financial spending review is complete.

- 3.2 The update to the MTFS comes at a time of significant uncertainty, which will have an effect on public sector finances. We are currently entering the second of two one-year settlements, with 2022/23 now being the period expected when the fair funding review and business rates reset will be in force. As yet there is still no definitive detail on what this will mean for district councils. There is also the uncertainty of what will happen to the economy following the Covid pandemic and the “Brexit” outcome, both of which could influence the financial outlook and growth and room for increasing public spend. The current one year settlement gives little indication of government thinking overall as Covid is, understandably, dominating the attention of Central Government at this time. In relation to Local Government some of the key announcements were:

### **Core Spending Power (CSP) increase**

Local government has received an average Core Spending Power (CSP) increase of 4.5% (£2.2bn). This headline however masks the direct impact on this council.

Our advisors calculate that 87% of the increase in CSP is from expected council tax increases being at the maximum allowed. A feature of recent settlements is that a greater burden appears to be placed on the local taxpayer, despite Government announcing increases in the settlement. The settlement allows the following Council tax increments:

- Social care authorities will be able to increase Band D by up to 5%
- District councils will be able to increase by the higher of 2% or £5
- Fire authorities will still only be able to increase their Band D by 2%
- Police and crime commissioners can increase their precept by up to £15.

If these maximums are applied, which is likely for the County, Fire and Police, the Council tax increase is going to be approximately £90, with only a fraction made up from the borough council. At £5 HBBC's element is a small fraction of that overall increase.

## **Lower Tier Services Grant**

A new grant (Lower Tier Services Grant) has been announced. It is aimed at no authority receiving a reduction in its theoretical CSP. It is very heavily weighted towards district councils, and particularly those that are losing from the changes in NHB. Potentially this may be a short-term grant that will disappear when wider reforms of local government funding are introduced (possibly in 2022-23). There has been no mention of the longer term position. However, it does give an indication of Government thinking. The theoretical CSP does assume the Council tax base grows at its historical average and that the maximum council tax charge is made. Our Council tax base has fallen for 2021/22. This has been used to inform the possibility of on-going support from Government over the MTFS period, often referred to as damping support.

## **Covid-19 pressures 2021/22**

Government has been relatively supportive with funding of expected Covid pressures for next year, and assumes it will provide over £3 billion in additional support nationally by:

- providing an additional £1.55 billion of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19
- providing local authorities with £670 million of additional grant funding to help local authorities support the more than 4 million households that are least able to afford council tax payments
- providing an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years
- extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021

Other announcements in the 2020-21 provisional settlement are:

- Revenue Support Grant (RSG). RSG will be increased in line with the Consumer Price Index (CPI) (£13m, 0.55%). This is only about £85k for us and is now worked into our baseline funding for business rates so not new.
- Baseline Funding Level (BFL). BFL will be frozen in 2021-22 because the business rate multiplier will be frozen in 2021-22. No increase for us
- Compensation for under-indexing the multiplier. The decision to freeze the multiplier in 2021-22 will increase the compensation that is paid through the

“cap compensation” section 31 grant. Small benefit to us, as compensation about £112k, which was similar to last year.

- Social care funding. Existing social care grants will continue (£1.8bn Improved Better Care Fund (IBCF), £240m Winter Pressures, and £1,410m social care support grant). A further £300m social care grant was announced in the Spending Review 2020 (SR20) – but only £150m is new money, with £150m top-sliced from New Homes Bonus.
- New Homes Bonus. It is estimated that the overall cost of New Homes Bonus will be £622m, which in theory leaves a surplus of £278m (out of the £900m budget) to be returned to local government. There will be no returned surplus in 2021-22, as used to fund the other announcements.
- Adult Social Care (ASC) precept has been partially equalised in the allocations of £300m social care grant.

### **Longer term view**

- 3.3 Other recent issues affecting the Council during the term of the MTFS update are the significant changes to the administration of Business Rates as part of the baseline reset postponed again until 2022/23. There is still significant uncertainty over the exact impact this will have, therefore longer term forecast are becoming more uncertain.
- 3.4 It is expected that as part of the fair funding review that the baseline funding from business rates will be recalibrated, taking affect from 2022/23. This maybe at the same time that local business rate share will increase from 50% to 75%, but this has not been confirmed. If this is a full reset, then accumulated growth going back to 2013/14 could be lost, this will be via an amendment to the tariff. In addition, there is no definitive information on tier split or any transitional funding to soften the impact of lost growth for districts councils. Also, the methodology for redistribution from lower need to higher need areas via tariffs and top up is still not clear.
- 3.5 This MTFS uses a reset of the baseline that would leave some income growth assuming the reset Tariff will be based on the original 2019/20 base year as the reset has been postponed twice. If the reset is based on 2020/21, then it may mean less rates are retained. Hence there is some risk to this assumption.
- 3.6 No major changes were made in relation to Council Tax. However, there is going to be allocations from a Local Council Tax Support Grant (£670m). This is a new grant for 2021-22 and its purpose is to compensate authorities for the expected additional cost of Local Council Tax Support (LCTS) schemes in 2021-22. It is not a continuation of the £500m Hardship Fund that was in



place in 2020-21, which was designed to allow councils to reduce LCTS payments by £150. However, councils are being encouraged to use this to help with Council Tax support and extending help as needed. This indicates government are expecting collection difficulties due to ongoing economic pressures from Covid on household finances. The indicative allocation is £777,180, with HBBC's share being £80,763, the rest being for County, Police and Fire.

- 3.7 No additional funding will be made available for public sector pay in Local Authorities. However, the Chancellor announced that public sector pay will be “paused” for 2021/22. This will still need local ratification. This plan assumes a pay freeze for 2020/21. This is subject to confirmation by the National Employers with the unions.
- 3.8 The Government will also reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, which presents a risk for both national and local taxpayers. Therefore we will need to review any borrowing to ensure it complies with these more rigid requirements.
- 3.9 Looking forward there are potentially significant pressures for 2021/22, and beyond, which are mainly caused by the:
- Lower than expected New homes Bonus in 2020/21 and its phasing out by 2023/24,
  - Changes to business rates retention, meaning lower growth is retained from 2022/23
  - Pay increase expected of approximately above inflation, post the 2021/22 freeze, due to spinal point changes, and
  - Risks to business rates and council tax income due to the impact of Covid on the economy.
- 3.10 The same ten strategic financial objectives, as agreed by Council in previous iterations of the MTFS have been used during this update. These objectives serve to ensure the delivery of the council's corporate strategic objectives of delivering the council's MTFS with a sustained focus on the council's priorities whilst working to resolve the continuing pressure of service requirements in the context of available resources. The objectives are listed in Appendix 3.
- 3.11 The MTFS is one of a suite of documents, which inform the financial strategy of the Council. These include the Capital Programme, HRA Investment Strategy and Treasury Management Policy, all of which should be read in

conjunction with this document. A summary of the overall MTFS excluding Special Expenses is given in table 1 below.

- 3.12 Note that there is no longer term settlement and therefore there has had to be more subjective assumptions used to create a three year forecast. This makes the years 2021/22 to 2023/24 challenging to forecast with certainty due to the lack of information from Central Government on its intentions. Greater clarity is needed in relation to the fair funding review and the baseline reset for retained business rates income to give a more definite forecast. Therefore, the MTFS updated in this report is based on the most recent announcements and advice. This is covered by inclusion of some alternative scenarios in the report that follows.

### **Corporate Plan and the MTFS update**

- 3.13 The MTFS is the mechanism by which the finances are managed to ensure the Corporate Plan priorities can be delivered. The Council has already made difficult decisions to agree previous budgets that enable a balanced position to be achieved as included in the prior MTFS. This challenge has been compounded with an overall drop in Government funding support in the last 5 years of 32%. However, there are still challenges ahead, the Council is well placed to deliver its corporate priorities in the short term whilst maintaining future balanced budgets over the life of the updated MTFS based on the assumptions used, but caution is needed due to the high level of uncertainty due to the fair funding review and business rates baseline reset. The Council will need to be prudent when there is any consideration of taking on new costs and will need to begin to consider where possible savings and new income could be sought.
- 3.14 Table 1 below gives a high-level overview of the expected budget and general fund reserve movements between the current year and the MTFS period 2021/22 to 2023/24, including the Council tax increase, the Garden waste increase and the £0.96m of savings needed. The net expenditure includes a technical accounting adjustment for collection fund government funding via Section 31 Grants of £3.8m in 2020/21 (Which reduces Net Expenditure) and 2021/22 (Which increases net expenditure). This adjustment is offset by matching movements on a new ring fenced Collection Fund Reserve.

Table 1: Financial Forecast 2020/21 to 2023/24	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Net expenditure	8.11	15.81	11.58	10.96
Reserve and Technical adjustments	2.08	-5.03	-2.24	-2.09
Net cost position	10.20	10.78	9.34	8.87
Core funding (CTax, NNDR, NHB)	10.10	10.88	9.06	8.83
Shortfall (Funding Gap)	-0.10	0.11	-0.28	-0.04
	2020/21	2021/22	2022/23	2023/24
General Fund performance against Target	15.23%	15.11%	15.05%	15.02%
Net Expenditure pre- collection fund adjustment	2020/21 £m	2021/22 £m		
Collection Fund (Technical Adjustment inc Net Expenditure))	-3.83	3.83		
Actual Net Expenditure	11.94	11.98		

3.15 It should be noted that the Council have already taken action or is exploring new income streams to generate income to become more self-reliant, by looking for income from other sources. For example, the new crematorium and the on-going negotiations to invest in projects in the enterprise zone. Other areas are:

- maintaining a 5% vacancy factor saving in the region of £0.6m a year,
- managing working capital to minimise borrowing, with a current under-borrowed level of almost £22m saving considerable costs in interest,
- Rentals from the crescent investments and other tenancies, and
- Use of discretion on business rates to attract new businesses to the area to bring in new rates income.
- Potential new housing investments.

3.16 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 1-2% in year, the application of 0% represents an effective saving on running costs.

- 3.17 It is this level of commitment to efficiency, which means we remain in the bottom 15 out of 188 district councils for the level of council tax charged in 2020/21, and the lowest out of the seven Leicestershire District Councils. As noted for 2020/21 in the table below.

<b>Table 2: District Council Band D charge</b>	<b>Council Tax 2020/21</b>
Oadby & Wigston	£229.50
Melton	£207.64
North West Leicestershire	£173.46
Blaby	£168.32
Harborough	£167.97
Charnwood	£148.58
Hinckley & Bosworth	£134.87

- 3.18 As noted above, the MTFS poses challenges that may occur due to the fair funding review and business rates reset. The Council is in a reasonable financial position in the short term and has some reserve capacity, but is currently spending more than it has coming in over the MTFS. The council reserves can be used to support the general fund, which is reasonable in the short term, but this cannot be done to cover a structural recurring deficit to bring the longer terms finances into balance. This will need a mix of new income and controlling costs. There is a lot of uncertainty over the fair funding review and the baseline reset for business rates in 2022/23, which may be more favourable than anticipated, but in the face of uncertainty it is better to ensure suitable action is taken to ensure finances are under control.

#### **4. Review of actions taken used to address the budget shortfall**

- 4.1 The position noted in Table 1 above is based on key actions and assumptions being delivered. These actions and assumptions carry risk of their own in terms of delivering the desired result. The key actions were noted above as:
- a £5 increase in Council Tax for 2021/22 ( which would still leave us in the bottom 15 or so lowest charging District Councils)
  - a £6 increase in Garden Waste, to £30 (Still the lowest of the six charging councils in Leicestershire)
  - Director led savings of £0.5m to be delivered of 2021/22 to 2022/23(including savings to the HRA)
  - the Development for a savings plan for 2023/24 of £0.96m if needed.

## Council Tax

- 4.2 The financial settlement in December 2020 is an indication that Central Government expected councils to take advantage of the maximum allowed for Council Tax increases. There was an announced Core Spending Power (CSP) increase of 4.5% (£2.2bn), but almost all of that comes from expected council tax increases. The basis of how the new Lower Tier Support Grant is calculated also assumes maximum Council Tax increases. The pandemic has strained funding sources centrally, and local authorities are expected to ensure local needs fall on local residents.
- 4.3 The difficult decision to increase Council Tax has led to less savings being needed in 2023/24 than would otherwise have been the case. See Table 2, which shows the additional cumulative income raised by this decision. Note, the benefit is in each year as the increase for one year increases the Council Tax base, whereas not to increase would have lost this amount. Therefore a decision in 2021/22 avoids the need for higher savings in 2023/24.

Table 2	2021/22	2022/23	2023/24
Council Tax at £5 2021/22	£148,878.	£153,074	£157,388

## Garden Waste

- 4.4 The Council has charged the same rate for Garden Waste since its introduction in April 2016, and is the lowest out of all the charging Local Authorities in Leicestershire (Table 3 below). The decision to increase the Garden Waste charge is forecast to increase income by £177,000 a year for the life of the MTFS.

Table 3 Council	2020/21
Melton	£70.92
Charnwood	£45
Harborough	£40
Oadby and Wigston	£40
Nuneaton	£40
Blaby	£39
Hinckley and Bosworth	£24

- 4.5 The Decision to increase Garden Waste will significantly help to reduce the level of savings needed in 2023/24

## Director led savings

- 4.6 Directors have identified £485,000 of costs savings and new income, £448,000 being on the general fund, and the rest for the HRA. This is noted in the table below.

	2021/22	2022/23	Total
General Fund	£375,019	£72,726	£447,745
HRA	£17,858	£19,774	£37,632
Total	£372,877	£902,500	£485,377

- 4.7 These savings and new income are not without risk, and will be monitored for delivery by SLT. They may require the loss of some staff in order to deliver the level of savings required, which may have to be arranged via making some posts redundant. These savings will potentially lead to a reduction in levels of service delivery.

### Development of a savings plan - 2023/24

- 4.8 The MTFS forecast has a deficit position in 2023/24, which has led to the requirement for savings of £0.96m. It should be noted that there is a high level of uncertainty over longer terms forecasting due to the lack of a longer term financial settlement. This MTFS assumes that a detailed savings and new income plan will be developed before 2023/24 to deliver savings of £0.96m in order close this gap. Members have tasked the Strategic Leadership Team (SLT) to develop such a plan during 2021/2022 on a contingency basis, should it be needed. This will require the review of services currently being delivered, the transformation of others, and potential income and charging opportunities to deliver these savings. This will also require the review of reserves next year, in case a new reserve needs to be set up for any potential staff costs associated with the transformation and change in services.
- 4.9 Any such new reserve, if needed, will be created by the business rates equalisation reserve, and other available reserves. The use of the Business Rates Reserve in this manner does increase the risk of loss should there be a significant and unplanned fall in business rates income due to loss of businesses paying rates in the area.

## 5 Review of Local Governing Funding allocations and forecast Assumptions used in MTFS

- 5.1. Each year the council receives a significant amount of financial support from central Government in the form of grants and allocations, the key ones being business rates allowances, and New Homes Bonus. Council tax then takes the strain of the remaining funding requirement. The allocations to the Council are determined by Government carrying out Comprehensive Spending Reviews (CSR) which enables it to decide how much it can afford to spend, what its priorities are and targets for improvements to be funded by additional resources.
- 5.2. The last full review was undertaken in 2015 (CSR15) following the General Election in May 2015 and covered the four years following and is why the four year agreed financial position comes to an end in 2019/20. Since then Central Government have only been issuing one year updates. The next spending review detail, in terms of detailed allocations, is not expected to be released until December 2021. This spending review will have to deal with the economic legacy of the Covid pandemic and any issues arising from Brexit, so is not expected to be significantly increasing public spend.
- 5.3. Unfortunately the risks noted in the MTFS in 2019 over New Homes Bonus (NHB) and loss of Business rates now seem a clear possibility, and have been built into the MTFS forecast. The table below, show a change in the level of income that can be expected from these sources due to Central Government removal of NHB and the rest expected for business rates. These combine to a loss of expected funding of £4.5m compared to the forecast in February 2019.

	2020-21	2021-22	2022-23	2023-24
Updated MTFS	£000	£000	£000	£000
Lower Tier Support Grant	0	429	727	684
Council Tax	4,504	4,666	4,797	4,932
NNDR	3,966	4,323	3,400	3,362
Collection fund loss/Surplus	-15	567	-145	-145
New Homes Bonus	1,642	892	281	0
Total	10,097	10,877	9,060	8,833
Prior MTFS	£000	£000	£000	£000
Council Tax	4,591	4,830	5,081	5,345
NNDR	3,800	3,882	3,967	4,053
Collection fund loss/Surplus	-179	-179	-179	-179
New Homes Bonus	1,941	1,948	2,023	2,260
Total	10,153	10,481	10,892	11,479
Difference	-£56	£396	-£1,833	-£2,646

## Lower Tier Support Grant

- 5.4. The Government announced a new Lower Tier support Grant in the settlement for 2021/22, this was £429,409 for HBBC. This is a positive development and was not expected prior to the settlement. The calculation is based on ensuring district councils core spending is not reduced year on year, and holds the level the same from one year to the next. The calculation is based on the Government's model, which is a theoretical core spending, not actual Core spending. This model includes Council Tax being charged at the highest rate since 2015/16 and does not include business rate growth. This means it does not cover any local decision to charge lower than the maximum allowed, and does not offer protection from loss of Business rate growth.
- 5.5. There have been some indication that in the future, following the fair funding review that some sort of "Damping" would be given to soften the transition caused by a business rates reset. For this MTFS, the assumption has been used that the Lower Tier Support grant will be that mechanism. Our Advisors have offered an alternative, which is linked to a reducing level of support, allowing a 5% fall in actual overall core spending year on year. This would offer lower support, which may mean a reduction of £0.2m in income over the life of the MTFS. However, no detail has been given, therefore there remains a risk that no such support will be provided, but that feels unlikely given the high level of changes proposed to funding. The amount included is given in the table below.

Table	2021-22	2022-23	2023-24
Damping	Actual	Forecast	Forecast
Lower Tier Support Grant	429,409	726,801	683,865
Alternative reducing support	429,409	684,402	524,041
Difference	0	-42,399	-159,824

## Business rates

- 5.6. Business rates and the level of retention of growth is a key element of the funding of the Council. The Business Rates Retention Scheme (BRR) commenced on 1st April 2013. The last baseline was set in 2013/14 with inflation and formula amendments since then. Under the scheme, the council can retain a proportion of locally generated business rates over a set baseline



where growth occurs. The last two “one-year” settlements and consultation around the settlements, along with budget statement have indicated that there will be changes to both the level of local retention and the level of growth that will be retained due to a baseline reset following a funding review. Current indications from the consultation process are set out below.

- 5.7. Councils will not lose all growth, originally thought to be from 2018/19 and 2019/20 as the baseline year would have been from the beginning of 2018/19 (these dates may slip a year, but it has not been announced as yet),
- 5.8. The future is likely to be generally more changeable with regular baseline resets maybe based on 3-yearly revaluations.
- 5.9. Government wants to “scrap” the levy but is unable to do so without to changes primary legislation, but they can alter the rate it is charged at without this.
- 5.10. The basic calculation is expected to be based on 40% of the business rates collected in 2022/23, but with potential amendments to the level of baseline funding, tariff and levy if one is retained. There may also be a lower tier split used for districts if there is a desire to transfer funding to upper tiers.
- 5.11. This comes at the same time as the move to a 75% retained business rates model. No details have been given, other than the Business Rate Retention Scheme (BRRS) will increase from 50% to 75%, but no date has been given. It is not expected that the tier split will increase from 40% for district councils, although it may be changed and any changes potentially compensated via tariffs and top up transactions. However, this does not have to be the case, and a higher rate could be set.
- 5.12. Their expectation is that the business rates reset will now take place for 2022/23, which leads to a fall in retained income in 2021/22 to 2022/23 of £1.68m. The business rates retention system was due to be “re-set” for 2020-21, but has been delayed another year, with the impact being felt in 2022/23. This is part of the wider reforms to the local government finance and business rates retention systems. The review is expected to establish business rates baselines for each local authority that is party to the rates retention system.
- 5.13. At a reset, Business Rates Baselines are re-calculated for the forthcoming reset period for all local authorities. During this period, growth in the authority’s locally raised business rates (and so income) can be retained above its Baseline Funding Level.

- 5.14. The Government view is that the system requires resetting in order to ensure that the distribution of resource remains aligned with need.

Table	2020-21	2021-22	2022-23	2023-24
MTFS - FORECAST	£000	£000	£000	£000
NNDR	3,966	4,323	3,400	3,362
Collection fund loss/Surplus	-15	615	-144	-144
Total	3,951	4,938	3,256	3,218

- 5.15. There is a significant surplus in 2021/22, this is because the appeals provision has been reduced by £1.8m, to better reflect the risk faced. Note, this decision was taken in 2019/20 for the pilot year, prior to the Covid Pandemic, but Collection Fund accounting requirements, mean the impact of any deficits or surpluses are not accounted for until the next financial year. There is a risk that Covid may lead to an increase in appeals, if business in severely difficulty argue there has been a fundamental change in circumstances. This risk has not been included in the MTFS and there is insufficient evidence to know if it will occur.
- 5.16. The Government have allowed the deficit in 2020/21 to be spread three years, so the forecast deficits are actually the spreading to the deficit generated in that year, but spread over three years. This was to help with Covid pressures.
- 5.17. It has been assumed that the baseline, before growth, for HBBC that can retained will not be reduced, but keep pace with inflation over the MTFS. This may be incorrect, our advisors have noted an alternative which is roughly a 10% reduction in the reset year. If this were the case, there would be a loss of approximately £0.53m cumulatively over the life of the MTFS.
- 5.18. The accounting requirements create a delay in dealing with Collection Fund deficits until the next financial year, but also produces an issue to be dealt with in the 2021/22 year. This is due to the methodology chosen by Central Government to provide Cash flow in 2020/21 to cover mandated retail reliefs to retail of £9.4m. As we had to give the retail relief to businesses and did not collect the business rates, this generated a deficit on the Collection Fund in 2020/21 to be recognised to 2021/22. HBBC Share being £3.8m. However, to keep cash flow the same Central Government gave the Council funding under Section 31, which goes into the General fund in 2020/21. This funding needs to be placed into a reserve of £3.8m in 2020/21 to offset the deficit created in the Collection Fund in 2021/22.

## Business Rates Appeals

- 5.19. Business rates have been subject to a new rateable value listing as from the beginning of 2017/18, was expected to lead to a significant increase in appeals. It had been expected that appeals would be as high as £3m by the end of 2019/20 but as at the end of 2019/20 there had been very few actual appeals. Therefore the decision was taken at the beginning of 2020/21 to reduce the appeals provision from the levels noted below to £1.25m, releasing £1.8m to the collection fund, which led to a surplus being generated which will be recognised in 2021/22 to Collection Fund accounting rules.
- 5.20. Enterprise Zone and business rates
- 5.21. In addition to “standard” business rates collected, the creation of the Enterprise Zone (EZ) at MIRA Technology Park will also generate significant increases in business rates. In order to stimulate such growth, these uplifts are not subject to business rate retention rules. This currently means that 100% of the growth from the EZ is retained locally. Following a decision by Council in September 2020 following negotiations with the local LEP, provision of new income is included in the MTFS for a 12% share of the forecast growth. However, only 75% of this forecast has been included for now, as prior forecasts provided have tended to be overly optimistic Any agreement will seek to avoid being prejudicial to the Council's position.

MIRA agreement	2021-22	2022-23	2023-24
Forecast by MIRA*	82,575	176,742	288,631
difference	-20,644	-44,185	-72,158
75%	61,931	132,557	216,473

- 5.22. In order to be prudent, this income of £136,987 has not been included in this version of the MTFS. If delivered in full, the pressure on the pressure on the MTFS will be reduced.

## New Homes Bonus

- 5.23. The MTFS in February 2019 included an assumption that NHB would continue on a four years basis for payments, since then that has proved to be incorrect. The financial settlement and information provided to HBBC by Central Government now clearly demonstrates that NHB is to be phased out. However Government are consulting on a potential replacement to this fund.

The Table below gives the impact of this decision on the Council in terms of lost funding of over £2.2m from 2019/20 to 2023/24.

<b>Table NHB</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Amount of Award	2,271,759	1,642,296	892,004	280,927	0

- 5.24. Whilst there is consultation on the replacement of NHB, there is no detail. Any replacement is not expected to be on the same scale. Due to the lack of information available no estimate of a replacement has been possible so none has been included in this MTFS. However, this does relate to the assumption on the Lower Tier Support grant continuing. If there is a replacement for NHB, that is likely to reduce the level of that grant, as the grant is only needed to protect core spending including the level of NHB given in 2021/22 and 2022/23. If the NHB, or its replacement, was continuing that grant would be lower by any award given. The NHB replacement element would not be in addition to that grant.

## **Council Tax**

- 5.25. The decision to increase council tax by £5 has been covered in section 4 above. The amount of Council Tax income collected is also based on the assumptions in relation to the calculation of the number of band D equivalents taking into account the risk of non-collection. This gave a tax base of 38.720, compared to the figure for 2020/21 of 38,992. This is a reduction in the Band D tax base and means the expected Council Tax is forecast to be lower. This reflects the need to consider the impact of Covid on collection. A factor of 1.2% was used for non-collection, up from 0.4% last year, but our actual collection was 98.45 for 2019/20 and with a year-end target of 98.1% for 2020/21. Therefore 1.2% is still optimistic for a non-collection factor. There is a risk, due to the impact on the economy of Covid that non-collection may be higher than the 1.2%. A plus or minus 0.5% difference to the non-collection factor would alter the tax forecast collected by £23,600 for 2021/22, and about £90,000 for the life of the MTFS.

## **6 Key areas of other income and Expenditure**

### **The Crematorium**

- 6.1. The expectation for the crematorium have been increased, with the number of cremations a year now starting at 900 as opposed to 800, and the fee per cremation being £875 to begin with, and not £800. These are reasonable levels to expect compared to other local Crematoriums (see table below,

source: "The Cremation Society"). These changed assumptions increase the income from the crematorium by £338,000 over the life of the MTFS.

<b>Table Cremations and fee</b>	<b>Number of Cremations</b>	<b>Fee 2019</b>
Countesthorpe (South Leicester)	1,367	£950
Great Glen	1,023	£915
Leicester (Gilroes)	1,785	£870
Loughborough	1,558	£1,035
Nuneaton	2,098	£1,070

- 6.2. Due to the implications of VAT on the build costs, our Tax advisors have confirmed that the most efficient manner to run the Crematorium, from a tax perspective, is to have it managed via a wholly owned company. This however does mean that the effects of corporation tax also need to be considered. The model needs to be redeveloped for running via a wholly owned company which will need further tax planning. If this is done correctly within the requirements of HMRC, it might be possible to reduce the corporation tax charge. This is being reviewed, and if delivered, has added a further cumulative income gain of £245,000. If it is not possible to do this, then the income will not accrue to the MTFS as forecast.
- 6.3. It is now expected that the Crematorium will be fully operational from the end of January 2022, at 900 cremations a year. If the crematorium operates at the higher range of 1200 cremation services a year, this would contribute a further £437,000 to the cumulative income of the MTFS (see the table below), which can be used to cover service delivery costs. Note, there was income of £80,000 budgeted for in 2020/21 financial year, but this was not achieved as the project will now become operational in January 2022. This means a budget loss occurs in 2021/22 of £21,560.

<b>Table</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Crematorium net income	57,963	378,290	410,443
If operating at 1200 cremations	75,739	513,888	694,589
increase	17,776	135,598	284,146

### **The Crescent (Block C) and other Rental**

- 6.4. Covid has had some impact on the rentals expected, the revised forecast for Block C in the Crescent is noted in the Table below. The fall in 2021/22 is due to agreements made with tenants that are under financial duress due to

Covid. The good news is that negotiations are in place to let the let units, and all units are now expected to be fully let by 2022/23.

<b>Table The Crescent</b>	<b>2020/21 Budget</b>	<b>2021/22 MTFS forecast</b>	<b>2022/23 MTFS forecast</b>	<b>2023/24 MTFS forecast</b>
Block C Rents	331,143	268,737	382,344	395,408
Prior Assumption	331,143	341,560	363,643	363,643
Difference	0	-72,823	18,701	31,765

- 6.5. The table below gives the position of other rentals, and included industrial units, the Atkins building, the Hub and some other smaller properties. The economic outlook as meant expectation on gaining inflationary rental increase have been lowered.

<b>Table</b>	<b>2020/21 Budget</b>	<b>2021/22 MTFS forecast</b>	<b>2022/23 MTFS forecast</b>	<b>2023/24 MTFS forecast</b>
Industrial units	744,700	727,900	739,870	746,035
Other	504,510	508,365	514,626	476,802
Total	1,249,210	1,236,265	1,254,496	1,222,837
Prior Assumption	1,249,210	1,250,961	1,274,551	1,298,602
Difference	0	-14,696	-20,055	-75,765

- 6.6. Note the tables above are based on budget, the actual combined Reduction in rental and service charge income in 2020/21 comes to £84,818. Mainly due to the impact of Covid on tenants.

### **The Leisure Centre**

- 6.7. The Leisure Centre has had a challenging year for 2020/21. The Total combined Loss of management fee and combined support payments is expected to come to just a little less than £1.4m for 2020/21. Unfortunately the January 2021 lockdown has prevented the expected return to normal contractual transactions. The Loss of Management fee was £0.977m, with final expected support payments of £0.4m.
- 6.8. However, due to the Government's compensation of lost management fee at 75% of lost fee (£0.7m), Sport England funding (£0.2m) and allocations for the general Government Tranche Funding given by Government, we have been able to cover this loss in 2020/21.

- 6.9. This makes forecasting more problematic as we currently know that Central Government have announced continued support for the first quarter of 2021/22 for Covid pressure, this is for fee compensation and support to councils. The Council is still in discussion with PfP who manage and run the Leisure Centre. The position is problematic as the return to normality depends on the success of Governments response to the pandemic and the level of lockdown controls in place. Therefore it has been assumed the management fee will be being paid for 2021/22.
- 6.10. There is a risk to this assumption, but as Central Government have confirmed support for at least the first quarter, it is felt that the income loss should be covered as in 2020/21. The minimum expected is 75% of lost fees after the first 5%. If support is still required in the first quarter of 2021/22 to the end of June, then there is a potential risk to the Council of £55k of lost income and continuing support payments, which are difficult to predict, but based on June-August 2020 could be about £80,000. If Government do not offer general support grants to councils as they did in 2020/21, this would be a loss to HBBC.

	2021/22	2022/23	2023/24
Management Fee	£920,859*	£984,144	£1,009,441

\*From PfP or a combination of PfP and Govt support

### Payroll Pressure

- 6.11. The assumption has been that there will be pay freeze in 2021/22, then pay will increase by 2% as an average inflation increase year on year. 2020/21 saw a 2.75% increase. There are also spinal point increases that are contractually due, and in the pay freeze year salaries at the lower levels, below £24,000 will still get a £250 increase. The table below indicates pay pressures of £0.72m on the general fund and ££1.2m on the HRA over the MTFS period.

	2020-21	2021-22 Pay Freeze	2022-23	2023-24
	£000	£000	£000	£000
Capital	0.20	0.21	0.23	0.23
General	10.91	11.09	11.32	11.63
HRA	1.88	1.87	1.94	2.00
Total	12.99	13.17	13.49	13.86

## Inflation on contracts and on income from fees

6.12. The assumptions used for general increases in fees and charges is based on inflation of 1% on the 2020/21 year, then 2% thereafter as an average for the life of the MTFS. This is a general assumption, actual charge will be based on the fees and charges report and the requirements of each contract, which tends to average out at the inflation rate by year. The table below gives the net impact. Note, due to the net impact of this assumption on both costs and fees, a 1% change in the assumption either way makes a difference of less than £15,000, which is immaterial to the overall MTFS projection.

	20/21	21/22	22/23	23/24
Contract costs	126,382	128,910	131,488	134,118
Fees and charges income	-79,381	-80,175	-78,600	-79,380
Total	47,001	48,735	52,888	54,738

## General Pressures and savings included in the 2021/22 budget

6.13. The tables below gives the list of all the pressures and savings included in the MTFS that are over £50,000, more detail is given in the separate General Fund Budget Report for 2021/22.

Table	Pressures	Income/ Savings	Net	Description
	£	£	£	
Local Plan	0	-96,000	-96,000	Re-profile Local Plan - inspection moved back 1 year (funded from earmarked reserves)
Waste Management *	0	-177,000	-177,000	Increase in garden Waste Fees to £30
Estates Management	62,406	0	62,406	Loss of rental from Block C
Director Led Savings*	0	-375,000	-375,000	Various
Corporate Support*	101,410	0	101,410	LCC Pension Lump Sum Cost
Other: less than £50,000	6,800	-179,465	-172,665	Other savings and pressures individually less than £50,000
Sub-total	170,616	-827,465	-656,849	



Other pressures and savings 2021/22	Costs	Savings	Net	Description
Statutory Accounting Adjustments*	240,000		240,000	Pensions (reversed below line so no impact of balances)
Inflationary increases*	131,000	-81,931	49,069	Contractual inflation/ Inflationary increases in income
Pay cost*	180,750		180,750	£82k Additional inflationary increase of 0.75% in 2021 reflected in 2021/22 base and £68k for £250 increases for staff in lower bandings, £30k for climate change post funded from reserve.
Crematorium	21,560		21,560	Impact of Crematorium delay.
Leisure Centre Management Fee*	14,950		14,950	Annual change in management fee, not related to Covid impact.
MRP*	20,720		20,720	Revenue cost of Capital financing via borrowing.
Interest	131,110	-90,800	40,310	Increase in interest cost based on latest investment and borrowing rates. Investment rates have fallen from around 0.8% to 0.15%. This is offset by additional estimated income from additional lending to the enterprise zone.
Sub-total	740,090	-172,731	567,359	
Total	910,706	-1,000,196	-89,490	Overall net savings

\* these items are recurring in the base budget going forward.

6.14. The Table below give the overall pressure in the MTFS for the next three years. This table clearly indicates that it is the loss of NHB and the loss of Business rates that is the main cause of pressure leading to the need for savings in 2023/24.

Description	2021/22	2022/23	2023/24
Collection Fund Adjustment	3,826,520	-3,826,520	
Pay cost increases (all elements, NI, Pensions and increments)	291,280	300,884	318,375
IAS 19 pension adjustments	239,620		
Interest	131,110	-30,000	-25,000
Inflationary increases	128,910	131,488	134,118
LCC Pension Lump Sum	101,410	106,160	122,876
Block C Rentals/Service charges	62,406	-113,607	-13,064
Crem increase	32,580	-259,464	-26,044
Capital Financing (MRP increase)	20,720	-5,820	60
Leisure Centre income	14,950	-63,285	-25,297
Rentals on industrial units/Atkins	6,800	-10,636	31,659
ICT costs	0	0	0
Crematorium	0	0	0
Strategic Growth plan	-2,550		
Finance savings	-4,000	-25,000	
Extra EZ income	-8,009	-70,625	-83,917
Bulky waste fee increase	-18,000		
Renewable energy	-47,308	-1,866	-1,903
Inflationary increases Fees and Charges	-80,175	-78,600	-79,380
Local Plan	-96,208	-24,792	0
Other small movements (less than or =£10k)	-99,905		
Increase Garden waste to £30:	-177,000		
Freeze pay 2021/22	-110,530	-70,981	-9,438
Crematorium (Structure to reduce Corp Tax)	-11,013	-60,862	-6,109
EZ loan 2.5% interest	-90,800	4,258	4,475
Savings - Director led	-375,019	-72,726	
	-90,732	-345,475	341,409

## 7. Changes to reserves

7.1. The key change underlying the reserves that support the MTFS is the increase in pressure that has been placed on the finances of the Council over the MTFS period, further detail is given in the tables below. These pressures are set out above, and are mainly to do with the need to prepare for the change to NHB and Business rates funding. The largest new reserve is for £3.8m, which is a technical reserve to manage the collection fund issues noted in paragraph 5.14 above. Other new reserves are the:

- Financial resilience reserve to support the general fund prior to savings being needed in 2023/24 of £0.96m,
- Crematorium Reserve, to fund some of the capital costs of the crematorium, and

7.2. These new reserves will need approval by members to ensure the MTFS can be delivered as planned. A table of the Reserves is noted in Appendix 2.

Reserve	Transfer to 2020/21 £	Transfer to 2021/22 £	Transfer to 2022/23 £	Use
Special Expenses Reserve	-110,000	-110,000		Set aside to fund future Heritage Action Zone capital costs
Local Plan Procedure	-269000	-50,000		Set aside to fund future costs
Maintenance Fund - Green Towers		-5,000		Set aside to fund future maintenance costs
Elections		-25,000	-25,000	Set aside to fund future costs
New Reserves				
S31 Collection Fund Reserve *	-3,826,520			Set aside of Central Govt funding for future collection fund deficits
Financial Support Reserve	-500,000	-580,000		To ensure general fund performance is maintained until savings are delivered in 2023/24
Crematorium Reserve	-1,500,000			To fund capital costs
Total	-5,826,520	-580,000	-25,000	

Reserve	Transfer from 2020/21 £	Transfer from 2021/22 £	Transfer from 2022/23 £	Use
Special Expenses Reserve	32,000	32,000	30,000	Set aside to fund future Heritage Action Zone capital costs
Local Plan Procedure	161,000	75,000	266,000	Set aside to fund future costs
Business Rates Equalisation Reserve	1,312,000		231,700	To set up crematorium reserve (20/21)/ To offset Collection Fund losses
New Reserves				
S31 Collection Fund Reserve *		3,827,000		Set aside Central Govt funding for future collection fund deficits
Financial Support Reserve		510,000	480,000	To ensure general fund performance is maintained until savings are delivered in 2023/24
Crematorium Reserve	500,000	1,000,000		To assist with costs of restructuring services in in 2023/24
Total	2,005,000	5,444,000	1,776,000	

7.3. The Table below gives the earmarked reserve balances overall movements in reserves over the MTFS period, and can be maintained at these levels if the savings needed in 2023/24 are delivered as required.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Earmarked Reserves	6,941	6,275	5,360	4,856
General Fund Balance (Exc SEA)	1,538	1,643	1,364	1,327
Total	8,479	7,918	6,723	6,182
As a % of 2020/21	100%	93%	79%	73%

## 8. Covid

- 8.1 The ongoing impact of the Covid Pandemic post 2020/21 is difficult to assess. The table below give the impact for the 2020/21 year, which demonstrates that due to government funding, the impact has been neutral. Therefore it is assumed, based on the information in the financial settlement that ongoing support will continue for at least the first quarter that any impact on 2021/22 will be neutral as well.

Service	Description	£000 Pressure (Saving)
	Coronavirus Related	
Homelessness	Bed & Breakfast including rough sleepers accommodation	150
Leisure Services	Leisure Centre management fees	936
Leisure Services	Additional contract support	508
Coronavirus Funding	Fees and Charges income Support compensation	-880
Coronavirus Funding	Additional Funding to support Covid on Services	-1,631
Corp Services	Loss of Legal Fess income from recovery of Council Tax losses	100
Corp Services	Additional PPE and Coronavirus Support (e.g. food parcels, marshals and other compliance costs)	80
Corp Services	Additional Audit costs re Coronavirus grant payment process and increase in bad debt provision	75
Parks	General fund Budget impact of delay in Crematorium build	80
Waste Management	Additional Agency to cover sickness, loss of income for trade waste, additional vehicle hire costs	98
Car Parks	Shortfall in Income	261
Waste Management	2 months garden waste income	130
	Other Coronavirus Loss across services less than £50k	115
	Next impact of Coronavirus	22
	Non Coronavirus	

- 8.2 Additional Movements in the year:

- Apart from the movements reported above an additional £250,000 is expected from Scale of Fees and Charges compensation and £210,000 in Leisure support for additional impact resulting from Covid-19.
- It has been assumed that additional Covid 19 support grants which are required to be paid out on behalf of central government will either be paid or any balances set aside to be returned back in accordance with legislative requirements. The table below summarises the allocations as at 5th January 2020.
- In late January, additional Covid Containment Funding of £192,000 has been received via the County Council. Proposals to commit £183,000 are already in place. Expenditure will cover a Housing Options Covid officer (£35,000), Housing Options Prevention (£15,000), Food support (£15,000), VCS Covid Support (£40,000), Health Promotion (£35,000), and other Covid related activity items of less than £15,000

8.3 There is a risk to this assumption should Government support be curtailed from the level provided in 2020/21.

## **9 Risk analysis**

9.1. An MTFS is based on a set of key assumptions, these cover costs and income projections and what they are based on. The key ones have been noted in the report, the main ones are reviewed below:

- The Fair Funding review and business rates reset will impact on the 2022/23 year leading to the need to make savings in 2023/24 of £960,000 which are yet to be scoped and finalised, but there is time and financial reliance in the short term before then to develop such plans. If this assumption is altered, for example if Central Government delay the reforms for another year, which they have done twice already, then with the actions taken in 2021/22 there would be no need for savings to be made in 2023/24. Therefore this is a key assumption. However, advisers feel that the fair funding review is highly likely to take place next year.
- The Lower Tier Grant, or equivalent, will be continued as a method for supporting lower tier councils for the duration of the MTFS. It will lead to a loss of £1.4m of income and will need saving of £600,000 in 2022/23 and £1,000,000 in 2023/24.
- NHB will not be replaced with a scheme as generous as that provided in 2020/21. If the new schemes is as generous it would remove the need for savings in 2023/24 as long as the same actions are taken in 2021/22, with a general fund surplus in 2023/24 of around £0.4m.
- There will be no recurring budget supplementary budget agreed over the MTFS period, if this is not possible it will increase the savings required in 2023/24 by the level of supplementary budget requests.

- The Crematorium will deliver 900 cremations a year in full from its first day of operation, if it were 100 less, then there would be a loss, in total, of £0.3m, but if a 100 more, then a gain of £0.3m.
- If pay was to increase at 1% after the pay freeze year and not 2%, the saving would potentially be about £0.3m-£0.4m.

9.2 The most uncertain risk in the list above are the ones that relate to the fair funding review impact, and the lower tier grant continuing on the same basis as 2020/21.

## 10. Other Factors

10.1. In addition to those risks relating to financing detailed above, this MTFS highlights a number of other key factors that will impact on the financial position of this Council over the next five financial years. These include, but are not limited to:

**Capital Programme** - The council's capital investment plans are outlined annually in the Capital Programme (the "Programme") which is approved at the same time as the revenue budget.

10.2. Although capital expenditure is clearly separated from revenue spend within the council's budget, the use of capital resources has an impact on revenue in the following ways:-

10.3. The use of capital resources will result in a corresponding reduction in investment income.

10.4. Any borrowing will incur interest payments and minimum revenue provision which is charged as a "cost" to the Council's revenue budget

10.5. The creation of new assets will require running costs that will have to be funded from revenue sources.

### Local external pressures

10.6. Leicestershire County Council (LCC) are looking for savings and renegotiating many agreements. LCC are discussing their rental agreement in the Hinckley Hub. The position is not far enough advanced in those discussions to confirm the impact, but any loss of rental income will lead to further savings being needed in 2023/24

10.7. LCC have withdrawn funding from all Leicestershire billing authorities (i.e. the seven district councils) to support the administration of the Localisation of

Council Tax Support schemes (LCTS) and to the Discretionary Discount Funds administered by the billing authorities. The district council will try to continue this funding, but the amount may vary in future years. Central Government have given additional allocations to Councils in Leicestershire for 2021/22 of £4.9m. HBBC share being £80,760.

## **Income Levels**

- 10.8. A significant proportion of council expenditure is financed from income from fees and charges. A number of these income streams are extremely volatile and depend on external factors such as take up, demand and local economic conditions. The most significant and sensitive changes in income levels include:
- 10.9. Planning fees - Whilst the council has seen a large increase in planning fees in the last two to three financial years, this income stream is highly dependent on both the housing and commercial market and therefore large “windfalls” often occur in times of prosperity. In addition to income received for planning fees, the council has seen significant costs for appeals against decisions taken by Planning Committee. In order to prudently budget for future costs, scenarios for appeal costs have also been considered in this Strategy.
- 10.10. Car Parking - Going forwards, the level of income received from parking will be affected by the continued development of the town centre and new capital developments, therefore is variable based on those factors. This MTFS includes no increases in car parking.
- 10.11. Refuse and Recycling Income - The council continues to charge for a number of refuse and recycling services such as trade waste and bulky waste.
- 10.12. Garden waste charges continue to be a significant contribution, this MTFS assumes a £6 increase in 2021/22 only, but all fees and charges are reviewed annually.
- 10.13. Rental Income - In addition to the council’s current portfolio of industrial units, the MTFS considers the income currently known as due from Block C within the town centre development.

In addition to this, the following general assumptions will be used for all forecasts:



- 5% vacancy factor each year delivering and efficiency saving of £0.6m for 2018/19.
- 0.5% base rate for 2021/22
- Retail Price Index of 1% for 2021/22 and 3% for the life of the MTFS.

# Appendix 1- Detailed MTFS movements

FINANCIAL FORECAST 2020/21 to 2023/24	2020/21 LA £	2021/22 Forecast £	2022/23 Forecast £	2023/24 Forecast £
Net Service Expenditure	11,082,610	12,069,472	15,805,260	11,579,042
Budget movements	0	0	0	0
Net growths/Savings	0	0	0	0
Budget changes (net)	716,862	-90,732	-399,698	341,409
Variances forecast	-460,000	0	0	0
Supplementary/Reversals of one off supplementary budgets	601,454	0	0	0
Collection Fund Adjustment	-3,826,520	3,826,520	-3,826,520	0
Savings needed	0	0	0	-965,000
NET Borough Budget Requirement	8,114,406	15,805,260	11,579,042	10,955,451
Pension adjustments	-1,346,350	-1,585,970	-1,585,970	-1,585,970
Contribution to Reserves	6,280,520	660,000	1,175,990	30,000
Contribution from Reserves	-2,592,560	-4,107,432	-1,830,208	-530,000
Transfer from unapplied grants	-260,581	0	0	0
Contribution to/( from) Balances	-98,916	105,047	-279,586	-36,329
NET BUDGET/FORECAST EXPENDITURE	10,096,520	10,876,906	9,059,268	8,833,152
Performance against target	15.23%	15.11%	15.05%	15.02%
Council Tax charge	£115.50	£120.50	£122.78	£125.12

See table at paragraph 6.14 for further information

Appendix 1 (continued)

	2020/21 Forecast £	2021/22 Forecast £	2022/23 Forecast £	2023/24 Forecast £
<b>SPECIAL EXPENSES</b>				
NET BUDGET/FORECAST EXPENDITURE- Special Expenses	755,356	749,999	771,072	792,803
Special Expenses Council Tax	£19.37	£19.37	£19.74	£20.11

Council Wide Council	2020/21 Forecast £	2021/22 Forecast £	2022/23 Forecast £	2023/24 Forecast £
Total Net Budget Requirement	10,851,812	11,626,842	9,830,340	9,625,956
Taxbase	38,996.20	38,719.61	39,068.57	39,420.68
Council Wide Council Tax	£134.86	£139.86	£142.52	£145.23
Percentage Increase	2.10%	3.71%	1.90%	1.90%

## Appendix 2- Reserves(y/e balances)

	Closing Balance 31 March 2021	Closing Balance 31 March 2022	Closing Balance 31 March 2023	Closing Balance 31 March 2024
Special Expenses Reserve	(224,970)	(250,470)	(151,770)	(91,770)
Local Plan Procedure	(568,612)	(543,820)	(277,820)	(253,820)
Business Rates Equalisation Reserve	(2,311,293)	(2,311,293)	(2,079,593)	(2,079,593)
Financial support reserve	(500,000)	(1,080,000)	(570,000)	(90,000)
Collection Fund Adjustment reserve	(3,826,520)	0	0	0
Maint Fund - Green Towers	(40,000)	(45,000)	(50,000)	(55,000)
Pensions Contribution	0	0	0	0
ICT Reserve	(168,087)	(59,750)	(0)	15,000
Waste Management Reserve	(225,260)	(130,260)	(252,000)	(237,000)
Asset Management Reserve	(400,000)	(400,000)	(400,000)	(400,000)
Planning Delivery Grant Reserve	(17,783)	0	0	0
Election Reserve	(5)	(25,005)	(50,005)	(75,005)
Grounds Maintenance	(30,000)	(30,000)	(30,000)	(30,000)
Enforcement and Planning Appeals*	(230,000)	(230,000)	(230,000)	(230,000)
Building Maintenance costs	(588,120)	(588,120)	(588,120)	(588,120)
Hinckley Community Development Fund	(350,000)	(350,000)	(350,000)	(350,000)
Developing Communities Fund	(421,995)	(421,995)	(421,995)	(421,995)
Environmental Action Reserve	(90,000)	(60,000)	(60,000)	(60,000)
Crematorium Reserve	(1,000,000)	0	0	0
<b>Total</b>	<b>(10,992,645)</b>	<b>(6,525,713)</b>	<b>(5,511,303)</b>	<b>(4,947,303)</b>
	224,970	250,470	151,770	91,770
<b>Net of Special Expenses</b>	<b>(10,767,675)</b>	<b>(6,275,243)</b>	<b>(5,359,533)</b>	<b>(4,855,533)</b>

Likely to be used in 2021/22 depending on outcomes of appeals

### Appendix 3 - Strategic Financial Objectives

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

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	4 February 2021
Council	23 February 2021

Wards affected: All

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### 2021/22 GENERAL FUND BUDGET

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Report of Head of Finance

#### 1. Purpose of report

- 1.1 To seek approval of the 2021/22 General Fund Revenue 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 are recommended for the Council to approve:
  - The General Fund budget for 2020/21 and 2021/22 shown in section 3.2
  - The Special Expenses area budget for 2020/21 and 2021/22 shown in section 3.6
  - The proposed movement in General Fund Reserves and balances for 2020/21 and 2021/22 shown in sections 3.16-3.22

#### 3. Background to the report

- 3.1 The General Fund Revenue budget for 2021/22 has been drawn up in accordance with the principles set out in the Budget Strategy. 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 government grant funding for 2021/22 and future years.
  - To encourage identification of savings and income generation opportunities across the Council.

- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.

### Budget Summary

3.2 The current administration have taken difficult decisions in the face of uncertainty to ensure that pressures are addressed, but that these actions are proportionate and balanced with the high level of uncertainty of having only a one year financial settlement. In summary these actions are:

- a £5 increase in Council Tax for 2021/22 (which should still leave us in the bottom 15 lowest charging District Councils)
- a £6 increase in Garden Waste, to £30 (Still the lowest of the six charging councils in Leicestershire)
- Director led savings of £0.5m to be delivered of 2021/22 to 2022/23(including savings to the HRA)
- No recurring supplementary requests.

3.3 The original budget for 2020/21, revised budget for 2020/21 and the proposed budget for 2021/22, are set out below. The change in the net service expenditure in 2020/21 is explained in section 3.9 below. Overall an additional £105,047 is budgeted to be transferred to balances in 2021/22. The S31 Collection Fund Support is additional income (mandated relief) that the government has given to set aside for future deficits they may arise as a result of the Covid-19. In accordance with government guidance this will be set aside into a reserve to offset losses arising from the collection fund in future years. If this income is excluded in 2021/22 total service expenditure is budgeted to decrease by £639,271, compared against the original 2020/21 budget (a decrease of 4.4%).

	Original Estimate 2020/21	Revised Estimate 2020/21	Original Estimate 2021/22
	£	£	£
<b>Support Services</b>	13,800	169,180	80,700
<b>Corporate Services</b>	2,700,580	418,079	2,570,120
<b>Community Services</b>	3,093,900	4,929,160	2,757,520
<b>Environment &amp; Planning</b>	8,735,732	9,292,047	8,496,901
<b>Further (Savings) / growths</b>	0	(460,000)	0
<b>S31 Collection Fund Support *</b>		(3,826,520)	3,826,520
<b>Total service expenditure (Net)</b>	<b>14,544,012</b>	<b>10,521,946</b>	<b>17,731,761</b>
<b>Less:</b>			
<b>Special Expenses</b>	(697,210)	(699,210)	(706,360)
<b>Capital Accounting Adjustment</b>	(1,922,220)	(1,922,220)	(1,405,340)
<b>Net external interest (received)/paid</b>	144,890	213,890	185,200



<b>IAS19 Adjustment</b>	(1,346,350)	(1,346,350)	(1,585,970)
<b>Carry forwards from prior year</b>	0	(229,008)	0
<b>Transfer to reserves</b>	1,954,000	2,454,000	660,000
<b>Transfer from reserves</b>	(2,380,033)	(2,363,552)	(280,912)
<b>Transfer to (from) Collection Fund Reserve *</b>	0	3,826,520	(3,826,520)
<b>Transfer from unapplied grants</b>	(157,082)	(260,581)	0
<b>Transfer to/(from) balances</b>	(43,487)	(98,915)	105,047
<b>HBBC Budget Requirement</b>	<b>10,096,520</b>	<b>10,096,520</b>	<b>10,876,906</b>

\* The S31 Collection Fund support movement of £3.8m in the table above, is due to the accounting requirements of dealing with Collection Fund deficits until the next financial year in which they are created. HBBC had to give the retail relief to businesses and did not collect the business rates, this generated a deficit on the Collection Fund in 2020/21 to be recognised in 2021/22. HBBC Share being £3.8m, which was funded by Government in 2020/21 to keep the cash flow in order. However, Section 31 income goes into the General fund in 2020/21. This funding needs to be placed into a reserve of £3.8m in 2020/21 to offset the deficit created in the Collection Fund to be recognised in 2021/22. This means HBBC is neither worse nor better off in either year.

The major variations between the 2020/21 Original Estimate and the 2021-22 Original Estimate analysed by directorate are set out in the table below:-

	<b>Variation</b>
	<b>£000's</b>
<b><u>Support Services</u></b>	
Additional recharges out to services	66
Decrease in salary costs	(133)
Increase in pension cost	110
Depreciation and Capital Charges	(89)
Reduction in Postages	(10)
Consultancy Costs	31
Computer Support Costs	43
Other variations	49
<b>Total</b>	<b>67</b>
<b><u>Corporate Services</u></b>	
Net salary increases after allowing for pay inflation	12
Increase in pension cost	147
Depreciation and capital charges	(104)
Reduction in Support Services.	(172)
Change to NNDR Baseline Funding	(50)
Reduction in rental and service charge income	53
Other variations	(16)
<b>Total</b>	<b>(130)</b>
<b><u>Community Services</u></b>	
Net salary increases after allowing for pay inflation	48
Decrease in pension cost	(38)

Depreciation and capital charges (Mainly due to rephasing of DFG expenditure and grant)	(309)
Additional Recharges to services	(24)
Other variations	(13)
<b>Total</b>	<b>(336)</b>
<b><u>Environment and Planning</u></b>	
Redistribution of support costs	38
Increase in pension cost	119
Increased planning fees	(54)
Net income from increase in Garden Waste Charges	(222)
Reduction in local plan contribution	(96)
Reduction in Fuel Costs	(21)
Other variations	(8)
<b>Total</b>	<b>(244)</b>

### Special Expense Area

- 3.4 This represents the cost of parks and cemeteries in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.5 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.
- 3.6 The proposed budgets for the Special Expenses area have been compiled in accordance with an overall decrease in the Borough Council Tax Base of 0.7%. Details of the council tax base are included in the Council Tax report. Due to the adequacy of balances there will be no increase in Council Tax for Special Expenses.

	Original Estimate 2020/21	Revised Estimate 2020/21	Original Estimate 2021/22
	£	£	£
<b>Expenditure</b>	697,210	699,210	706,360
<b><i>Transfer to/(from) balances</i></b>	(278)	(2,278)	(9,045)
<b><i>Transfer to/(from) reserves</i></b>	78,500	78,500	78,500
<b>S106 Contributions</b>	(20,076)	(20,076)	(25,816)
<b>Budget Requirement</b>	755,356	755,356	749,999

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

	£
Balance at 1st April 2021	365,404
Transfer to/(from) Balances 2020/21	(2,278)
Transfer to/(from) Balances 2021/22	(9,045)
Estimated Balance at 31st March 2022	354,081

#### Total Council Budget for 2021/22.

3.8 The total overall budget for 2021/22 in the direct control of the Council is therefore:

	Original Estimate 2020/21	Revised Estimate 2020/21	Original Estimate 2021/22
2	£	£	£
<b>HBBC Budget Requirement</b>	10,096,520	10,096,520	10,876,906
<b>Special Expenses Budget Requirement</b>	755,356	755,356	749,999
<b>Total Budget Requirement</b>	<b>10,851,876</b>	<b>10,851,876</b>	<b>11,626,905</b>

3.9 The original budget for 2020/21 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These budget changes are summarised below :-

	Outturn variances £000	Explanation
<b>Additional budgets</b>	534	<b>To take into account latest contractual commitments</b>
<b>Forecast Outturn Movement</b>	(341)	<b>Estimated forecast variance from services</b>
<b>External Interest</b>	69	<b>Reduction in borrowing costs and additional investment income</b>
<b>Use of Reserves</b>	(103)	<b>Use of unapplied grants and contributions from prior years</b>
<b>Carry Forwards</b>	(215)	<b>Movements in Carry forwards.</b>
<b>Change in Outturn</b>	<b>56</b>	<b>Additional amount to be taken from General Fund balances</b>

Explanations for variances against both profiled budget and estimated outturn have been detailed in the monthly outturn sent to FAP. The major service variations in excess of £50,000 have been summarised as follows:

Service	Description	£000 Pressure (Saving)
<b>Covid 19 Related</b>		
<b>Homelessness</b>	Bed & Breakfast including rough sleepers accommodation	150
<b>Leisure Services</b>	Leisure Centre management fees	936
<b>Leisure Services</b>	Additional contract support	508

<b>Covid 19 Funding</b>	Estimated income MHCLG Scale of Fees and Charges income Support	(880)
<b>Covid 19 Funding</b>	Additional Funding to support pressures on Council Services	(1,631)
<b>Corp Services</b>	Loss of Legal Fees income from recovery of Council Tax losses	100
<b>Corp Services</b>	Additional PPE and Covid 19 Support (e.g. food parcels, marshals and other compliance costs)	80
<b>Corp Services</b>	Additional Audit costs re Covid 19 grant payment process and increase in bad debt provision	75
<b>Parks</b>	Impact of delay in Crematorium build	80
<b>Waste Management</b>	Additional Agency to cover sickness, loss of income for trade waste, additional vehicle hire costs	98
<b>Car Parks</b>	Shortfall in Income	261
<b>Waste Management</b>	2 months garden waste income	130
	Other Covid 19 Loss across services less than £50k	115
<b>Net impact of Covid 19 related variations</b>		<b>22</b>
<b>Non Covid 19</b>		
<b>Planning</b>	Additional income from major Applications	(170)
<b>General Fund</b>	impact of 2.75 pay settlement (2% Budgeted) and salary variations due to Vacancy Factor	232

### 3.10 Additional movements in the year.

Apart from the movements reported above an additional £250,000 is expected from Scale of Fees and Charges compensation and £210,000 in Leisure support for additional impact resulting from Covid-19.

It has been assumed that additional Covid 19 support grants which are required to be paid out on behalf of central government will either be paid or any balances set aside to be returned back in accordance with legislative requirements. The table below summarises the allocations as at 5<sup>th</sup> January 2020.

Type	Grant name	Grant Award	Distributed	Balance
		£000	£000	£000
<b>Businesses</b>	Small Business Leisure and Hospitality	21,864	21,380	484
<b>Businesses</b>	LA Discretionary Grant Fund Business Support	1,068	1,068	0
<b>Businesses</b>	Covid19 - Local Restrictions Support Grant	1,341	625	716
<b>Businesses</b>	Additional Business Support	2,263	60	2,203
<b>Individuals</b>	Track and Trace Grant (payments to individuals)	86	26	60
	<b>Total</b>	<b>26,622</b>	<b>23,159</b>	<b>3,463</b>

In late January, additional containment funding of £192,000 was received via the County Council. Proposals to commit £183,000 are already in place.

### Original Budget 2021/22 – assumptions and process

- 3.11 The original budget for 2020/21 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These The 2021/22 General Fund revenue budget has been prepared following a robust budget process outlined in the 2021/22 Budget Strategy. The table below gives the overall savings and pressures included in the 2021/22 budget

	Pressures	Income/ Savings	Net	Description
	£	£	£	
<b>Local Plan</b>	0	(96,000)	(96,000)	Reprofile Local Plan - inspection moved back 1 year (funded from earmarked reserves)
<b>Planning Policy</b>	0	(2,550)	(2,550)	Reduction in Strategic growth costs
<b>Finance</b>	0	(4,000)	(4,000)	Finance transaction costs - reduction due to more internet transactions
<b>Renewable Energy</b>		(47,000)	(47,000)	Renewable Energy savings via Business Rates.
<b>Waste Management</b>	0	(177,000)	(177,000)	Increase in garden Waste Fees to £30
<b>Waste Management</b>	0	(18,000)	(18,000)	Additional income from Bulky Waste
<b>Estates Management</b>	6,800	(10,000)	(3,200)	Loss of rental from Industrial Units
<b>Estates Management</b>	68,018	0	68,018	Loss of rental from Block C
<b>Enterprise Zone</b>		(8,010)	(8,010)	Additional income from Enterprise Zone.
	0	(375,000)	(375,000)	Director Led Savings. Details in Appendix 2
<b>Corporate Support</b>	101,410	0	101,410	LCC Pension Lump Sum Cost
<b>MHCLG Cyber Planning</b>	190,000	(190,000)	0	Funding for security planning including backups and disaster recovery
<b>Other Minor changes across Services</b>		(95,517)	(95,517)	Other minor savings across services

Total	366,228	(1,023,077)	(656,849)
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- 3.12 The budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc.).
- 3.13 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood around 1% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 1.5% has been used, unless otherwise specified within the terms of the specific contract.
- 3.14 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2021/22 estimates have been based on the latest pension valuation and a provisionally agreed pay structure. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2020/21.

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

Other pressures and savings 2021/22	Costs	Savings	Description
<b>Statutory Accounting Adjustment Pensions</b>	239,620		Pensions (reversed below line so no impact of balances)
<b>Statutory Accounting Adjustment Capital</b>		(499,840)	Impact of Depreciation & REFCUS reversed below the line so no impact on balances
<b>Inflationary increases</b>	131,000		Contractual inflation
<b>Pay cost</b>	180,750		£82k Additional inflationary increase of 0.75% in 2021 reflected in 2021/22 base and £68k for £250 increases for staff in lower bandings, £30k for climate change post funded from reserve.
<b>Crematorium</b>	21,560		Impact of Crematorium delay.
<b>Leisure Centre Management Fee</b>	14,950		Annual change in management fee.
<b>MRP</b>	20,720		Revenue cost of Capital financing via borrowing.
<b>Interest</b>	131,110	(90,800)	Increase in interest cost based on latest investment and borrowing rates. Investment rates have fallen from around 0.8% to 0.15%. This is offset by additional estimated income from additional lending to the enterprise zone.
<b>Fees and Charges</b>		(81,931)	Inflationary increases in income

<b>Total</b>	<b>739,710</b>	<b>(672,571)</b>
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- 3.15 The Leicestershire Pension Fund is re-valued in accordance with statutory requirements. There is currently an actuarial deficit (i.e. the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members). Whilst action is needed to remedy this position, the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An Employers Contribution rate of 18.2% will be used with an additional 1% being included for Ill Health retirement insurance. In addition, a lump sum value of £672,780 (£786,070 including HRA) is payable to the Local Government Pension Scheme which is contained in a corporate budget.

### **Original Budget 2021/22 – 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 a current policy of maintaining a general fund balance of 15% of the net budget requirement. Historically, the Council's income from Central Government has been relatively fixed (i.e. the financial settlement set the amount of RSG, Business Rates Income and New Homes Bonus). The method of funding local government services has changed and continues to change. The New Homes Bonus income has also dramatically reduced due to new homes not being delivered as hoped. Business Rates funding is a variable source of income.
- 3.18 The Council therefore has the following policies relating to levels of balances and reserves for 2021/22:
- To maintain an average general balances (non-earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement in 2021/22. Based on the forecast position for 2021/22 this would determine a need for £1,632,000 of General Fund balances. The same discipline is also applied to the Special Expense Area.
  - Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
  - There should be no direct contribution from revenue to capital except for specific identified projects.
  - Any additional notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account
- 3.19 The projected movement of the General Fund Balances is detailed in the table below and indicates that sufficient balances are forecast as at 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022. Other movement in balances for 2020/21 will be confirmed at year end and considered as part of future review of reserves.



	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2020	2,021	1,656	365
Amount Taken to /(from) Balances 2020/21	(101)	(99)	(2)
<b>Balances at 31 March 2021</b>	<b>1,920</b>	<b>1,557</b>	<b>363</b>
Amount Taken to/(from) Balances 2021/22	96	105	(9)
<b>Balances at 31 March 2022</b>	<b>2,016</b>	<b>1,662</b>	<b>354</b>
Net Budget Requirement	11,687	10,877	750
Minimum Balance requirement (15%)	1,745	1,632	113
Surplus Balance	271	30	241

### Earmarked Reserves

- 3.20 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements during 2020/21 and 2021/22. The tables below summarise the changes required to the current approved budget for 2020/21 and lists the approvals required in 2021/22.

Reserve	Transfer to 2020/21 £	Transfer to 2021/22 £	Use
<b>Special Expenses Reserve</b>	0	(110,000)	Set aside to fund future Heritage Action Zone capital costs
<b>Local Plan Procedure</b>	0	(50,000)	Set aside to fund future costs
<b>Maintenance Fund - Green Towers</b>	0	(5,000)	Set aside to fund future maintenance costs
<b>Elections</b>		(25,000)	Set aside to fund future costs
<b>Earl Shilton Toilets</b>	(2,358)	0	Tot write off reverse balance.
<b>New Reserves</b>			
<b>S31 Collection Fund Reserve *</b>	(3,826,520)		Set aside central govt funding for future collection fund deficits
<b>Financial Support Reserve</b>	(500,000)	(580,000)	<b>To ensure general fund performance is maintained until savings are delivered in 2023/24</b>
<b>Total</b>	<b>(4,328,878)</b>	<b>(770,000)</b>	

\* The accounting requirements create a delay in dealing with Collection Fund deficits until the next financial year, but also produces an issue to be dealt with in the 2021/22 year. This is due to the methodology chosen by Central Government to provide Cash flow in 2020/21 to cover mandated retail reliefs to retail of £9.4m. As we had to give the retail relief to businesses and did not collect the business rates, this generated a deficit on the Collection Fund in 2020/21 to be recognised to 2021/22. HBBC Share being £3.8m. However, to keep cash flow the same Central Government gave the council funding under Section 31, which goes into the General fund in 2020/21. This funding needs to be placed into a reserve of £3.8m in 2020/21 to offset the deficit created in the Collection Fund in 2021/22.



3.21 The following additional transfers to reserves require approval by Council:

Reserve	Transfer from 2020/21 £	Transfer from 2021/22 £	Use
<b>Local Plan Procedure</b>	(26,000)	74,792	Re-profiling of expenditure for use on local plan
<b>Special Expenses Reserve</b>	0	31,500	To fund Free Car Parking
<b>Waste Management Reserve</b>	0	78,337	Used to fund in year costs
<b>ICT Reserve</b>	0	80,000	used to fund in year ICT costs
<b>Planning Delivery</b>	0	17,783	Used to fund in year planning costs
<b>Environmental Action Reserve</b>	0	30,000	Use to fund salary cost
<b>S31 Collection Fund</b>	0	3,826,520	Write out prior year grant for collection fund deficit.
<b>Total</b>	<b>(26,000)</b>	<b>4,138,932</b>	

3.22 Based on these calculations, it is estimated that excluding the £3.826m for the S31 collection fund the Council will hold £7.163 million in earmarked reserves as at 31<sup>st</sup> March 2021 and £6.583 million at 31<sup>st</sup> March 2022. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

#### Local Government Finance Settlement

3.23 The Council’s budgets are highly sensitive to changes in the finance settlement and Government policy. The funding for this Council announced in the 2021/22 Local Government Finance Settlement, along with additional elements of financing are detailed below:

	2020/21 Original Budget	2021/22 Original Budget	Mvt Inc/(Dec)
	£	£	£
<b>National Non Domestic Rates</b>	2,684,122	2,684,594	472
<i>Business Rates Growth</i>	1,281,677	1,638,272	356,595
<i>Lower Tier Support Grant</i>	0	429,409	429,409
<i>New Homes Bonus</i>	1,642,296	892,004	(750,292)
<i>Net Collection Fund Surplus / (Deficit)</i>	(15,461)	567,087	582,548
<i>Council Tax payer</i>	4,503,886	4,665,540	161,654
<b>Total Financing</b>	<b>10,096,520</b>	<b>10,876,906</b>	<b>780,386</b>

- 3.24 The following points should be noted:
- The reset of business rates has been delayed a further year, and
  - A reduction in New Homes Bonus Income of £0.8, mainly caused by a fall in the funding basis by Government due to the removal of legacy payments, but also a fall in the rate of increase in houses coming into use on the Council Tax base.

### **Business Rates Retention and Pooling**

- 3.25 Leicestershire will remain in the pool for now, as the level of income fall due to Covid-19 is not expected to be great enough to require the pool to be suspended for 2021/22, but will be kept under review.
- 3.26 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after taking into account discounts, collection rates and appeals estimates. For 2021/22 HBBC will have a 40% tier which is approximately £13.7m, the table above gives the element retained once Tariff and Levy charges have been made.

The retained business rates of this Council are subject to a tariff of £9.6m as set out in the 2021/22 Local Government Finance Settlement. Any growth over a set baseline (£2.7m) is subject to a "levy" payment of £1.5m, which is paid to the business rates pool. The settlement announced that a safety net threshold for all Councils of 7.5%. On this basis, this Council would need to lose £2.5m of Business Rates before a safety net payment will be made.

- 3.27 The NNDR1 form which set out the final budgeted position for this Council will be approved by the Head of Finance (S151 officer) on 31 January 2021.
- 3.28 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form.
- 3.29 Budgeting for business rates is difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.

### **New Homes Bonus**

- 3.30 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing.
- 3.31 The Financial settlement for 2021/22 see significant changes to NHB, as it moves towards being phased out with only legacy payments being made. This means that this funding will be removed between 2022/23 to 2023/24. The 2020/21 year is the last time legacy payments will be made based on four years of award, it will move to two years, then one year, then no further payments under the current procedures. The Government have noted they wish to introduce a more targeted funding, but have released no details of how this will work or what it will be based on. Any replacement is expected to be at a much reduced level on current. As a one off, due to Covid 19 a

payment of on years' award was agreed in 2021/22, but it will not attract any legacy payments going forward.

### Leisure Centre Income

- 3.32 From 2016/17, the Council has been in receipt of Management Fees from the provider of the new leisure contract. The table below summarises the management fee. Due to the Covid-19 no management fee has been received in 2020/21. This is line with legal clauses relating to forced closures and potential losses on the contract that the provider faces. Of the £936k income loss in 2020/21 approximately £655k will be recovered via MHCLG's fees and charges compensation scheme for local authorities. An assumption has been made that normal services will resume from the 1<sup>st</sup> April 2021. This is not without some risk, but Central Government have agreed to continue the fees compensation scheme in quarter one of 2021/22, and to offer ongoing Covid-19 support in that quarter. Therefore, if there is any on-going support, it will be alleviated by this level of support. The fees and compensation scheme covers 75% of lost fees, and based on 2020/12 other income support to council is expected, but some risk remains as the future of leisure centres, like all businesses, depends on how successful the Government's actions to bring the pandemic under control.

	2020/21	2020/21 rev	2021/22
Net Management Fee £	935,810	0	920,860

- 3.33 The 2021/22 budget should be read in conjunction with the Council's Fees and Charges book for 2021/22, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised in the Fees and Charges report.

### Leicestershire Revenues and Benefits Partnership

- 3.34 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2021/22 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects a targeted decrease of £50,000, if possible, compared to 2020/21:

	HBBC £
<b>2021/22 Contribution (draft to be finalised)</b>	1,298,170
<b>2020/21 Contribution</b>	1,348,170
<b>Difference – Increase/(Decrease)</b>	(50,000)

### Investment (Income/Costs)

- 3.35 In recent years the country has faced unprecedented levels of public sector borrowing which had reached a peak in 2019/20 and has led the Public Works Loan Board (PWLb) to increase rates by 1% in 2020. In 2021 the government reduced this rate by 1% the government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.

- 3.36 The Base Rate is currently 0.1%; this level has been assumed in the 2021/22 budget to ensure that a prudent level of investment income is assumed. Conversely, the Council is able to borrow from the 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.
- 3.37 Net interest cost for this Council have been estimated at £185,200 and is based on a cash flow and borrowing forecast. This allows for a net drop in income of £131,000 and additional income from the Enterprise Zone of £98,000. This increase in from the Enterprise Zone loan will only be achieved if an agreement is reached to invest. This has not yet been agreed, so there is some risk that this may not be realised.

#### Major Projects

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

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

#### Council Tax

- 3.39 For 2021/22 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase. The General Fund budget is based on a £5 average band D and a £0 increase for HAC.

#### Medium Term Financial Strategy

- 3.40 The budget proposed for 2021/22 is achieving the target of 15% agreed by members and has earmarked reserves of £6.5m, which is just under the forecast position last year of £6.8m. The general fund balance is forecast to be £1.7m. Therefore, the Council can achieve its financial targets for the 2021/22. However, given the significant changes in Local Government Financing, the 2021/22 budget should be considered in light of the MTFS, which indicates that the years after 2021/22 will be subject significant pressures due to the long awaited fair funding review. Directors have identified savings and to date an additional £375,000 has been budgeted for. As previously mentioned these are attached in Appendix 2. Members should note, failure to set a balanced MTFS that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, as part of their VFM review they will consider the savings and increased income of £0.96m included for 2023/24 included in our current forecast. As long as there is a robust plan in place to be delivered if needed, then it is not expected that a qualification would be made.

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

- 4.1 Report taken in open session.

#### **5. Financial implications [IB]**

- 5.1 Contained in the body of the report

## 6. Legal implications [MR]

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

## 7. Corporate Plan implications

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

## 8. Consultation

- 8.1 None

## 9. Risk implications

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

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

The following significant risks associated with 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.	Strategic Leadership Team
	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That decisions made for 2020/21 are made in isolation from the Medium Term Financial Strategy and the pressures set out in that strategy.	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

## **10. Knowing your community – equality and rural implications**

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

## **11. Climate implications**

- 11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

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

Background papers: None

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

# Appendix 1 - General Fund Earmarked Reserves

outturn

	Closing Balance 31st March 2020	Capital Expend Latest	To Revenue Latest Budget	From Revenue Latest Budget	Closing Balance 31st March 2021	Capital Expend Latest	To Revenue Original Budget	From Revenue Original Budget	Closing Balance 31st March 2022
	£				£				
Hub Future Rental Management Reserve	(400,000)	0	400,000	0	0	0	0	0	0
Special Expenses Reserve	(163,197)	16,727	31,500	(110,000)	(224,970)	53,000	31,500	(110,000)	(250,470)
Local Plan Procedure	(461,039)	0	161,427	(269,000)	(568,612)		74,792	(50,000)	(543,820)
Business Rates Equalisation Reserve	(3,623,248)	0	1,311,955	0	(2,311,293)				(2,311,293)
Year End Carry Forwards	(267,008)	0	267,008	0	0				0
Maint Fund - Green Towers	(35,000)	0	0	(5,000)	(40,000)			(5,000)	(45,000)
ICT Reserve	(274,015)	15,000	170,928	(80,000)	(168,087)	30,000	78,337		(59,750)
Waste Management Reserve	(320,260)	15,000	80,000	0	(225,260)	15,000	80,000		(130,260)
Asset Management Reserve	(400,000)	0	0	0	(400,000)				(400,000)
Planning Delivery Grant Reserve	(17,783)	0	0	0	(17,783)		17,783		0
Election Reserve	(5)	0	0	0	(5)			(25,000)	(25,005)
Grounds Maintenance	(30,000)	0	0	0	(30,000)				(30,000)
Enforcement & Planning Appeals	(230,000)	0	0	0	(230,000)				(230,000)
Earl Shilton Toilets	(66,242)	0	66,242	0	0				0
Building Maintenance costs	(588,120)	0	0	0	(588,120)				(588,120)
Hinckley Community Development Fund	(350,000)	0	0	0	(350,000)				(350,000)
PCIF Reserve	(125,000)	0	125,000	0	0				0
Developing Communities Fund	(949,886)	527,891	0	0	(421,995)				(421,995)
Environmental Improvement Reserve	0	0	10,000	(100,000)	(90,000)		30,000		(60,000)
Crematorium Reserve	0	500,000	0	(1,500,000)	(1,000,000)	1,000,000			0
Financial Support Reserve	0	0	0	(500,000)	(500,000)			(580,000)	(1,080,000)
S31 Collection Fund Reserve			0	(3,826,520)	(3,826,520)		3,826,520		0
<b>Total</b>	<b>(8,300,803)</b>	<b>1,074,618</b>	<b>2,624,060</b>	<b>(6,390,520)</b>	<b>(10,992,645)</b>	<b>1,098,000</b>	<b>4,138,932</b>	<b>(770,000)</b>	<b>(6,525,713)</b>

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<b>Directorate Savings 2021/22</b>	<b>Appendix 2</b>
<b>Corporate &amp; Support</b>	£166,522
<b>Environment and Planning</b>	£95,500
<b>Community Services</b>	£113,000
<b>Total Savings 2021/22</b>	<u>£375,022</u>

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Council 23 February 2021

Wards affected: All

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### CALCULATION OF COUNCIL TAX FOR 2021/22

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Report of Head of Finance

#### 1. Purpose of report

1.1 To obtain approval of Council Tax for 2021/22.

#### 2. Recommendation

2.1 That the following be approved in accordance with the Local Government Finance Act (1992) for 2021/22:

- (a) £59,171,376, being the aggregate of the amounts, which the Council estimates for the items set out in Section 31A (2) of the Act. **(Gross Expenditure on General Fund Services, Special District Expenses and Parish Precepts)**
- (b) £51,547,215, being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act. **(Gross Income including External Financing and the Use of Reserves)**
- (c) £7,624,161, being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above calculated by the Council, in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year **(Amount to be Funded from Council Tax, including Special expenses and Parish precepts)**
- (d) £139.87, being the amount calculated by the Council, in accordance with Section 31 (B) of the Act, as the basic amount of its Council Tax for the year. **(Average Local Council Tax, not including Parish Precepts)**
- (e) A Band D Council Tax for Borough wide services, excluding Special Expenses and Parish Council precepts, of £120.50.
- (f) An average Band D Council Tax relating to Borough wide services and an average of Special Expenses and Parish Council services of £196.91.
- (g) Appendix B being the Council Tax for the HBBC District divided by the tax base, including amounts for the Leicestershire County Council, The Office

of the Police and Crime Commissioner for Leicestershire, and Leicester, Leicestershire and Rutland Combined Fire Authority and for each area and valuation. **(Council Tax Band Charges for each Parish and Special Expense area)**

### **3. Background to the report**

- 3.1 The General Fund revenue budget for 2021/22 has been drawn up in accordance with the principles set out in the Budget Strategy (the Strategy). The General Fund revenue budget 2021/22 presented alongside this report.
- 3.2 The Council Tax Base for 2021/21 is 38,719.6 and was approved, in accordance with the delegation scheme by the Head of Finance (S151 Officer) on 15<sup>th</sup> December 2020.
- 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 Capital & Revenue Estimates the “Budget Book” detailing further details on all Council budgets is available upon request and will be uploaded onto the intranet. Members are requested to raise any specific questions directly with the Head of Finance or the relevant service manager.

#### **Council Tax 2021/22**

- 3.5 The approved budgets for this Council result in an average increase in Council Tax excluding the Special Expenses area of Hinckley of 4.33% and including the Special Expenses area of Hinckley of 3.71%.
- 3.6 The proposed levels of increases for each of the precepting bodies are as follows:
  - Leicestershire County Council – 4.99%
  - The Office of the Police and Crime Commissioner for Leicestershire – 6.43%
  - Leicester, Leicestershire and Rutland Combined Fire Authority – 1.96%

- 3.7 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 *	940.52	1,097.28	1,254.03	1,410.78	1,724.29	2,037.80	2,351.30	2,821.56
The Office of the Police and Crime Commissioner for Leicestershire	165.49	193.07	220.65	248.23	303.39	358.55	413.72	496.46
Leicester, Leicestershire and Rutland Combined Fire Authority	46.19	53.89	61.59	69.29	84.69	100.09	115.48	138.58

\* At the time of writing this report the precept for Leicestershire County Council is awaiting final approval by their appropriate committee. Therefore, if required, any amendments will be tabled at Council.

- 3.8 The average 2021/22 Council Tax relating to Parish Council items of expenditure, including Special Expenses, for Band D is £76.41, an increase of 1.51% over 2020/21.
- 3.9 The average total amount of Council Tax due at Band D will be £1,925.21 for 2021/22, an increase of 4.88% over 2020/21. The actual percentage increase for each taxpayer will vary depending on the area in which they live. In summary, the average band D Council Tax is made up as follows:

	2020/21 Council Tax	2020/21 Council Tax	Increase
Leicestershire County Council *	£1,410.78	£1,343.73	4.99%
Leicester, Leicestershire and Rutland Combined Fire Authority	£69.29	£67.96	1.96%
The Office of the Police and Crime Commissioner for Leicestershire	£248.23	£233.23	6.43%
Hinckley & Bosworth Borough Council Including Special Expenses	£139.87	£134.87	4.33%
Parish Councils	£57.04	£55.90	2.04%
<b>Total Council Tax</b>	<b>£1,925.21</b>	<b>£1,835.69</b>	<b>4.88%</b>

\* At the time of writing this report the precept for Leicestershire County Council is awaiting final approval by their appropriate committee. Therefore, if required, any amendments will be tabled at Council.

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

- 4.1 Report taken in open session.

#### 5. Financial implications [AW]

- 5.1 Contained in the body of the report

## **6. Legal implications MR**

- 6.1 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 31<sup>st</sup> 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**

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

## **8. Consultation**

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

## **9. Risk implications**

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

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

## **10. Knowing your community – equality and rural implications**

- 10.1 Precepts for parishes will fund expenditure on their services. Rural communities also benefit from services provided by other precepting authorities
- 10.2 Various Council Tax concessions are available. These concessions are in accordance with rules set by MHCLG

## **11. Climate implications**

- 11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

Background papers: DCLG/ MHCLG notifications  
Contact officer: Ashley Wilson (Head of Finance) Ext 5609  
Executive member: Cllr K Lynch

## APPENDIX A: Council Tax breakdown

	£	£	£
Gross Income / Expenditure	<b>45,335,849</b>	<b>(59,171,376)</b>	<b>(13,835,527)</b>
National Non-Domestic Rates Baseline	2,684,594		2,684,594
New Homes Bonus	892,004		892,004
Collection Fund Deficit	567,087		567,087
National Non-Domestic Rates retained above Baseline	1,638,272		1,638,272
Lower Tier Support Grant	429,409		429,409
<b>Total</b>	<b>51,547,215</b>	<b>(59,171,376)</b>	<b>(7,624,161)</b>
<b>Council Tax requirement (net position)</b>		<b>(7,624,161)</b>	
			<b>Council Tax at Band D</b>
<b>HBBC</b>		4,665,540	120.50
Special Expenses		749,999	19.37
Council tax for the Borough		<b>5,415,539</b>	<b>139.87</b>
Parishes		2,208,622	57.04
<b>Total</b>		<b>7,624,161</b>	<b>196.91</b>
<b>Preceptors other than parishes</b>			
Leicestershire County Council	54,624,923		1,410.78
Combined Fire Authority	2,682,881		69.29
Police & Crime Commissioner for Leicestershire	9,611,374		248.23
Council Tax All Services 2020/21	<b>74,543,339</b>		<b>1,925.21</b>
£1,925.21 represents the Average Band D Council Tax payable to cover all Borough Council, Special Expense, Parish Council, County Council, Fire and Police Services. This average represents a 3.81% increase on 2019/20			

	<b>Total £</b>
HBBC Budget Requirement 2021/22 Excluding Special Expenses and Parish precepts	10,876,906
<b>LESS External Funding:</b>	
National Non-Domestic Rates Baseline	(2,684,594)
New Homes Bonus	(892,004)
Collection Fund Deficit	(567,087)
National Non-Domestic Rates retained above baseline	(1,638,272)
Lower Tier Support Grant	(429,409)
	<b>(6,211,366)</b>
<b>Funding from Council Taxpayer</b>	<b>4,665,540</b>



APPENDIX B

Council Tax 2021/22

Valuation Band	A	B	C	D	E	F	G	H
Proportion Of Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£p	£p	£p	£p	£p	£p	£p	£p
<b>Parish</b>								
Hinckley	1,278.25	1,491.30	1,704.34	1,917.38	2,343.47	2,769.56	3,195.63	3,834.76
Bagworth	1,311.21	1,529.76	1,748.29	1,966.83	2,403.91	2,840.98	3,278.04	3,933.65
Barlestone	1,304.02	1,521.37	1,738.71	1,956.04	2,390.72	2,825.41	3,260.07	3,912.08
Barwell	1,295.52	1,511.45	1,727.37	1,943.29	2,375.13	2,806.98	3,238.81	3,886.57
Burbage	1,279.94	1,493.27	1,706.59	1,919.91	2,346.56	2,773.21	3,199.85	3,839.82
Cadeby	1,260.96	1,471.13	1,681.28	1,891.44	2,311.77	2,732.10	3,152.40	3,782.89
Carlton	1,264.29	1,475.02	1,685.73	1,896.45	2,317.88	2,739.32	3,160.74	3,792.89
Desford	1,291.08	1,506.27	1,721.45	1,936.63	2,367.00	2,797.37	3,227.71	3,873.26
Earl Shilton	1,286.14	1,500.50	1,714.86	1,929.21	2,357.93	2,786.65	3,215.35	3,858.42
Groby	1,279.63	1,492.91	1,706.19	1,919.46	2,346.01	2,772.56	3,199.09	3,838.91
Higham	1,264.92	1,475.74	1,686.56	1,897.38	2,319.03	2,740.67	3,162.30	3,794.76
Market Bosworth	1,311.05	1,529.57	1,748.07	1,966.58	2,403.60	2,840.62	3,277.63	3,933.16
Markfield	1,287.44	1,502.02	1,716.59	1,931.16	2,360.31	2,789.46	3,218.60	3,862.32
Nailstone	1,296.42	1,512.49	1,728.56	1,944.63	2,376.77	2,808.92	3,241.05	3,889.26
Newbold Verdon	1,286.63	1,501.07	1,715.51	1,929.94	2,358.83	2,787.71	3,216.57	3,859.89
Osbaston	1,280.66	1,494.12	1,707.56	1,921.00	2,347.89	2,774.79	3,201.66	3,842.00
Peckleton	1,280.82	1,494.30	1,707.77	1,921.24	2,348.19	2,775.14	3,202.07	3,842.48
Ratby	1,281.03	1,494.54	1,708.05	1,921.55	2,348.57	2,775.58	3,202.58	3,843.10
Shackerstone	1,274.61	1,487.05	1,699.49	1,911.92	2,336.80	2,761.68	3,186.53	3,823.84
Sheepy	1,274.43	1,486.84	1,699.24	1,911.65	2,336.46	2,761.28	3,186.08	3,823.30
Stanton-U-Bardon	1,260.42	1,470.49	1,680.56	1,890.63	2,310.77	2,730.92	3,151.05	3,781.26
Stoke Golding	1,279.46	1,492.72	1,705.96	1,919.20	2,345.69	2,772.19	3,198.66	3,838.40
Sutton Cheney	1,274.46	1,486.87	1,699.28	1,911.69	2,336.51	2,761.34	3,186.15	3,823.38
Twycross	1,272.72	1,484.85	1,696.97	1,909.09	2,333.34	2,757.58	3,181.81	3,818.18
Witherley	1,261.86	1,472.18	1,682.49	1,892.80	2,313.43	2,734.06	3,154.66	3,785.60





## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission  
Council

4<sup>th</sup> February 2021  
23<sup>rd</sup> February 2021

Wards affected: All

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### HOUSING REVENUE ACCOUNT BUDGET 2021-22

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Report of Head of Finance

#### 1. Purpose of report

- 1.1 To seek approval of the 2021/22 Housing Revenue Account (HRA) budget, including the Housing Repairs Account.

#### 2. Recommendation

- 2.1 That Council approve the Rent Policy for 2021/22 as set out in paragraph 3.3 to 3.6.
- 2.2 That Council approve:
- The revised Housing Revenue and Housing Repairs Account budgets for 2020/21 shown in Appendix 1 and Appendix 2.
  - The Housing Revenue and Housing Repairs Account budgets for 2021/22 shown in Appendix 1 and Appendix 2.
  - The proposed movement in reserves shown in Appendix 3.

#### 3. Background to the report

- 3.1 The budgets covered by this report relate to the Council's responsibilities as the landlord of around 3,212 dwellings. The Housing Revenue Account is the ring fenced account which presents financial performance for the following activities:
- Income from dwelling rents and associated charges, e.g. utilities.
  - Supervision & Management (General), e.g. allocations, housing register, rent collection, tenant consultation,
  - Supervision & Management (Special) e.g. sheltered schemes, hostel, roads, paths, fences and grounds, which are not part of an individual property.

- Housing Repairs & Maintenance, which has a separate account and deals with the maintenance of individual properties

3.2 The Council, as landlord to properties within the Housing Revenue Account is required to review rent levels and advise tenants of their rent for the forthcoming year ahead as part of the budget setting process.

### **Rent Setting**

3.3 In 2015, the government announced a revised rent policy which would apply for 4 years from 2016/17. The objective of this policy was to assist the public with their rental expenditure. The policy reduced social housing rent by 1% per year. This has now come to an end.

3.4 For 2021/22 it is proposed to increase rent by 1.5% (equates to September CPI +1%). This is in line with the government guidance and the HRA Business Plan.

3.5 Based on the above, rents for 2021/22 have been calculated on the following basis:

- Social housing and supported housing rent will increase by 1.5%.
- Void loss assumption of 1.75%.
- An assumption that 30 dwellings will be sold.

3.6 After factoring in the above, the forecast rental income for 2021/22 is £12,851,130. This is an increase of £216,470.

### **Budget Summary**

3.7 The original Housing Revenue Account budget for 2020/21, revised budget for 2020/21 (based on October 2020 outturn) and the proposed budget for 2021/22 is set out in Appendix 1.

3.8 The original Housing Repairs Account budget for 2020/21, revised budgets for 2020/21 (based on October 2020 outturn) and the proposed budget for 2021/22 is set out in Appendix 2.

### **Revised 2020/21 Budget**

3.9 The original budgets for 2020/21 have, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. The position in Appendix 1 is based on the October Outturn position and updated for the latest rent forecast.

3.10 Appendix 1 identifies an increase in spend for the year of 134,973. This increase is explained below:-

	£
Additional piper alarm income	(26,000)
Additional Employee costs (partly covid related)	107,500
Additional dwelling rental income	(4,000)
Council Tax overspend	35,000
Reduction recharges to other services	17,000

Reduction room hire income (covid related)	6,000
Other minor variances	(527)
<b>TOTAL</b>	<b>134,973</b>

This will result in an estimated HRA balance as at 31<sup>st</sup> March 2021 of £719,170 against the original estimate of £843,537. In 2021/22, the estimated contributions to the regeneration reserve will be reduced to ensure that HRA balance equates to around £250 per property.

- 3.11 In addition, Appendix 2 summarises the Housing Repairs Account to year end. The movement between the original budget and the revised budget is due to contractual commitments that were carried forward from the prior year. Currently the Account is expected to be underspent by £115,000. This is due nature of the response repairs.

### **2021/22 Budget**

Service Priorities and links to other documents

- 3.12 The 2021/22 budget has been created with clear links to the Council's strategic and service objectives.
- 3.13 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Plan which was approved by Council in November 2018. The key objectives for future housing provision outlined in this document were taken into account in producing both the revenue and capital HRA budgets. These are as follows:

- Continue to invest in existing stock to maintain good quality homes
- Where affordable, invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
- Refurbishment/regeneration of stock which no longer meets needs.
- Review the potential for further investment in new housing stock.

Budget Assumptions and the Budget Strategy

- 3.14 The 2021/22 Housing Revenue Budget has been prepared following a robust process outlined in the 2021/22 Budget Strategy.
- 3.15 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. For contractual commitments, an inflation rate of 1.5% has been used, unless otherwise specified within the terms of the specific contract.
- 3.16 The salaries and wages budgets form one of the most significant elements of the revenue budget. For pay costs, the 2021/22 estimates have been based on the latest pension valuation and assumes a 0% payaward. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2020/21.

### **Housing Revenue Account 2021/22**

- 3.17 The estimated surplus for 2021/22 for the HRA is £196,932. This will result in a forecast balance at the year end of £916,102. After allowing for rent changes included in section 3.5, other major changes are summarised below: -

	£
Employee salary costs (pay award, NI Pension)	36,850
Reduction External Interest payable	(64,470)
Reduction in recharges to other sections	41,920
Increase support services charges	24,750
Additional Piper Alarm income	(25,900)
Reduction in Interest on HRA Balances	55,000
Additional Council Tax budget for voids	30,000
Additional lump sum pension contributions	16,850
Reduction Depreciation. This has no net impact. The change in depreciation is offset by the change in the repairs reserve which is used to fund capital expenditure	(65,880)
Other minor variations	(1,300)
TOTAL	£47,820

#### Housing Repairs budgets 2021/22

- 3.18 The housing repairs operational budgets (Planned and Responsive repairs) have been prepared taking into account forecast need and the capacity for this to be delivered in 2021/22.
- 3.19 Programmed and Responsive repairs budgets have been increased in-line with inflation. Allowing for a £425,000 contribution to reserves gives an operating surplus of £17,230 in the year which will mean a forecast balance of £396,793 as at 31<sup>st</sup> March 2022.

#### Working balances

- 3.20 The Council has the following policies relating to levels of balances and reserves in the HRA:
- Maintain HRA balances (non earmarked) of £250 per property by the 31<sup>st</sup> March 2022. For 2021/22, this equates to a minimum balance of £803,000 based on 3,212 properties.
  - Maintain a breakeven position within the Housing Repairs Account with all surpluses transferred to earmarked reserves.
  - Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
  - There should be no direct contribution from revenue to capital except for specific identified projects.
- 3.21 The projected movement of the Housing Revenue Account balance is detailed below and indicates that sufficient balances are forecast as at 31<sup>st</sup> March 2022 based on the minimum balance thresholds outlined in 3.20. Required transactions to achieve minimum balances for 2020/21 will be considered as part of the outturn process.

	2020/21 ORIGINAL ESTIMATE	2020/21 LATEST ESTIMATE	2021/22 ORIGINAL ESTIMATE
	£	£	£
<b>Opening Balance at 1st April</b>	(889,385)	(899,991)	(719,170)
<b>Closing Balance at 31st March</b>	(843,537)	(719,170)	(916,102)

3.22 The Housing Repairs Account balance is forecast as follows:

	2020/21 ORIGINAL ESTIMATE	2020/21 LATEST ESTIMATE	2021/22 ORIGINAL ESTIMATE
	£	£	£
<b>Opening Balance at 1st April</b>	(198,026)	(212,703)	(379,563)
<b>Closing Balance at 31st March</b>	(263,696)	(379,563)	(396,793)

#### Reserves

3.23 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2020/21 and 2021/22. Based on these calculations, it is estimated that the Council will hold £6,860,827 in earmarked HRA reserves as at 31<sup>st</sup> March 2021 and £6,441,335 at 31<sup>st</sup> March 2022. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

The following transfers to reserves require approval by Council:

Reserve	Transfer £	Use
2020/21		
Piper Alarm Reserve	25,000	Reserve set aside for additional costs that may be incurred on provision of the Control Centre service.
Regeneration Reserve	1,950,000	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.
Pension Reserve	3,520	This reserve has been set aside to fund any future pension liability for the HRA.
Major Repairs Reserve	256,108	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).

Reserve	Transfer £	Use
2021/22		
Piper Alarm Reserve	30,000	Reserve set aside for additional costs that may be incurred on provision of the Piper Alarm service. This service is currently under review by the Council
Regeneration Reserve	1,925,000	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.
Pension Reserve	3,520	This reserve has been set aside to fund any future pension liability for the HRA.
Major Repairs Reserve	246,068	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).

- 3.24 It is proposed that HRA reserves will only be used for capital purposes in 2021/22. Full details are included in the Capital Programme.

#### HRA Business Plan

- 3.25 The HRA Business and Investment Plan outlines how the HRA business will deliver services and capital projects over a 30 year period. The plan has been updated to reflect the budget for 2021/22 and the current affordable housing programme which is included within the capital programme report.

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

- 4.1 Report taken in open session.

## 5. Financial implications [IB]

- 5.1 Contained in the body of the report

## 6. Legal implications [MR]

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

## 7. Corporate Plan implications



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

## **8. Consultation**

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

## **9. Risk implications**

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

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

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

<b>Management of Significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating Actions</b>	<b>Owner</b>
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>	J Kenny

## **10. Knowing your community – equality and rural implications**

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

## **11. Climate implications**

- 11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

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

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

	2020/21 ORIGINAL ESTIMATE (Published) £	2020/21 LATEST ESTIMATE £	2021/22 ORIGINAL ESTIMATE £
<b>SUMMARY HOUSING REVENUE ACCOUNT INCOME</b>			
Dwelling Rents	(12,634,660)	(12,638,660)	(12,851,130)
Non Dwelling Rents	(86,570)	(86,570)	(85,070)
Contributions to Expenditure	(17,020)	(20)	0
	<b>(12,738,250)</b>	<b>(12,725,250)</b>	<b>(12,936,200)</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	2,325,420	2,399,393	2,442,250
Supervision & Management (Special)	647,630	695,630	685,610
Lump Sum LCC pension contribution	96,440	96,440	113,290
Contributions to Housing Repairs A/C	3,192,170	3,192,170	3,192,170
Depreciation	2,763,380	2,763,380	2,692,510
Capital Charges: Debt Management	1,000	1,000	1,060
Increase in Provision for Bad Debts	100,000	100,000	100,000
Interest on Borrowing	2,028,730	2,028,730	1,964,260
	<b>11,154,770</b>	<b>11,276,743</b>	<b>11,191,150</b>
<b>Net Cost of Services</b>	<b>(1,583,480)</b>	<b>(1,448,507)</b>	<b>(1,745,050)</b>
Interest Receivable	(90,000)	(90,000)	(35,000)
IAS19 Adjustment	(205,260)	(205,260)	(267,340)
<b>Net Operating Expenditure</b>	<b>(1,878,740)</b>	<b>(1,743,767)</b>	<b>(2,047,390)</b>
<b>CONTRIBUTIONS</b>			
Contribution to Piper Alarm Reserve	25,000	25,000	30,000
Contribution to Pensions Reserve	3,520	3,520	3,520
Transfer to Major Repairs Reserve	246,068	246,068	316,938
Transfer to Regeneration Reserve	1,650,000	1,650,000	1,500,000
<b>(Surplus) / Deficit</b>	<b>45,848</b>	<b>180,821</b>	<b>(196,932)</b>
<b>Relevant Year Opening Balance at 1st April</b>	<b>(889,385)</b>	<b>(899,991)</b>	<b>(719,170)</b>
<b>Relevant Year Closing Balance at 31st March</b>	<b>(843,537)</b>	<b>(719,170)</b>	<b>(916,102)</b>

## Housing Revenue ACCOUNT

	2020/21 ORIGINAL ESTIMATE (Published) £	2020/21 LATEST ESTIMATE £	2021/22 ORIGINAL ESTIMATE £
<b>SUPERVISION &amp; MANAGEMENT (GENERAL)</b>			
Employees	1,103,640	1,141,143	1,182,500
Premises Related Expenditure	102,660	137,660	133,970
Transport Related Expenditure	16,610	16,610	16,370
Supplies & Services	225,570	223,040	223,370
Central & Administrative Expenses	910,510	910,510	921,110
<b>Gross Expenditure</b>	<b>2,358,990</b>	<b>2,428,963</b>	<b>2,477,320</b>
Revenue Income	(33,570)	(29,570)	(35,070)
<b>Recharges</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Income</b>	<b>(33,570)</b>	<b>(29,570)</b>	<b>(35,070)</b>
<b>Net Expenditure to HRA</b>	<b>2,325,420</b>	<b>2,399,393</b>	<b>2,442,250</b>
<b>SUPERVISION &amp; MANAGEMENT (SPECIAL)</b>			
Employees	666,610	736,610	687,920
Premises Related Expenditure	415,980	415,980	436,910
Transport Related Expenditure	15,080	15,080	14,740
Supplies & Services	149,670	141,670	151,320
Central & Administrative Expenses	104,980	104,980	119,130
Capital Charges	0	0	4,990
<b>Gross Expenditure</b>	<b>1,352,320</b>	<b>1,414,320</b>	<b>1,415,010</b>
Revenue Income	(650,770)	(664,770)	(700,380)
Recharges	(53,920)	(53,920)	(29,020)
<b>Total Income</b>	<b>(704,690)</b>	<b>(718,690)</b>	<b>(729,400)</b>
<b>Net Expenditure to HRA</b>	<b>647,630</b>	<b>695,630</b>	<b>685,610</b>

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**Housing Revenue ACCOUNT**

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**Appendix 2**

	<b>2020/21 ORIGINAL ESTIMATE (Published) £</b>	<b>2020/21 LATEST ESTIMATE £</b>	<b>2021/22 ORIGINAL ESTIMATE £</b>
<b>HOUSING REPAIRS ACCOUNT</b>			
<b>Administration</b>			
Employee Costs	416,080	414,080	433,510
Transport Related Expenditure	16,620	16,620	3,880
Supplies & Services	175,980	182,980	132,070
Central Administrative Expenses	344,330	344,330	314,800
<b>Total Housing Repairs Administration</b>	<b>953,010</b>	<b>958,010</b>	<b>884,260</b>
<b>Programmed Repairs</b>	<b>673,820</b>	<b>682,630</b>	<b>677,400</b>
<b>Responsive Repairs</b>	<b>1,251,300</b>	<b>1,136,300</b>	<b>1,261,970</b>
<b>GROSS EXPENDITURE</b>	<b>2,878,130</b>	<b>2,776,940</b>	<b>2,823,630</b>
Contribution from HRA	(3,192,170)	(3,192,170)	(3,192,170)
Other Income	0	0	0
IAS19 Adjustment	(51,630)	(51,630)	(73,690)
<b>TOTAL INCOME</b>	<b>(3,243,800)</b>	<b>(3,243,800)</b>	<b>(3,265,860)</b>
Contribution to HRA Reserves	300,000	300,000	425,000
<b>NET EXPENDITURE</b>	<b>(65,670)</b>	<b>(166,860)</b>	<b>(17,230)</b>
<b>Opening Balance at 1st April</b>	<b>(198,026)</b>	<b>(212,703)</b>	<b>(379,563)</b>
<b>Closing Balance at 31st March</b>	<b>(263,696)</b>	<b>(379,563)</b>	<b>(396,793)</b>

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## HRA Reserves

## Appendix 3

	Balance 31st March 2020	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2021	Transfer to reserves	Revenue spend	Capital spend	Balance 31st March 2022
		2020/2021	2020/2021	2020/2021		2021/2022	2021/2022	2021/2022	
	£	£	£	£	£	£	£	£	£
Piper Alarm Reserve	(40,299)	(25,000)	0	30,000	(35,299)	(30,000)	0	30,000	(35,299)
Communal Furniture Reserve	(4,913)	0	0	0	(4,913)	0	0	0	(4,913)
Regeneration Reserve	(8,406,252)	(1,950,000)	0	4,345,188	(6,011,064)	(1,925,000)	0	2,348,460	(5,587,604)
HRA Carry Forward	(43,300)	0	0	0	(43,300)	0	0	0	(43,300)
Service Improvement Reserve	(50,000)	0	0	0	(50,000)	0	0	0	(50,000)
Pension Contribution Reserve	(42,900)	(3,520)	0	0	(46,420)	(3,520)	0	0	(49,940)
Rent Equalisation Reserve	(60,000)	0	0	0	(60,000)	0	0	0	(60,000)
Major Repairs Reserve	(609,383)	(3,009,448)		3,009,000	(609,831)	(3,009,448)		3,009,000	(610,279)
<b>Total</b>	<b>(9,257,047)</b>	<b>(4,987,968)</b>	<b>0</b>	<b>7,384,188</b>	<b>(6,860,827)</b>	<b>(4,967,968)</b>	<b>0</b>	<b>5,387,460</b>	<b>(6,441,335)</b>

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	4 February 2021
Council	23 February 2021

Wards affected: All

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### Fees and Charges 2021/2022

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Report of Head of Finance

#### 1. Purpose of report

1.1 To obtain approval of the proposed scale of Fees and Charges for 2021/2022.

#### 2. Recommendation

2.1 That Council approve the Fees and Charges book for 2021/2022.

#### 3. Background to the report

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

3.2 The Council generates income of circa £6.2 million from these sources annually.

#### Charging Principles

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

- Instances where the administrative cost of levying and recovering the charge would outweigh any potential income;
- Where policy has been passed to fund the service from Council Tax or other dedicated funding streams (e.g. grants);
- Circumstances where charging would significantly deter demand;
- Where statute dictates that charges cannot be made.

- 3.4 When setting scales of charges, the following factors are taken into consideration:
- Statutory obligations;
  - Inflation and relevant indices;
  - Local market research and competition (where relevant);
  - The impact of price changes on activity level or demand;
  - Budget position and links to the MTFS and the Corporate Plan;
  - The cost of providing the service.
- 3.5 A rate comparable with Retail Price Index (RPI), which is a measure of inflation, has been used as an index where appropriate for up-rating charges from prior year. A rate of 1.5% has been used in line with the Budget Strategy for 2021/2022.

#### 2021/2022 Fees and Charges

- 3.6 The Fees & Charges show the 2020/21 and 2021/22 charges, along with the percentage increases applied. Fees have either been inflated or set in accordance with relevant statutory guidance e.g. Fixed Penalty Notices and those under the Gambling and Licensing Acts have been set in line with relevant guidance.
- 3.7 All leisure centre charges have been set by Places Leisure who will operate the leisure centre. All charges are consistent with the current contract.
- 3.8 In the majority of cases where discretionary charges can be made, increases have been made in line with inflation.
- 3.9 The major changes that have an impact on the budgets are listed below:-

	2020/21 £	2021/22 £
<b>Refuse collection:</b>		
<b>Fee updated to reflect budgeted costs of service delivery</b>		
White goods/bulky item collection - 3 items or less	£15.00	£20.00
White goods/bulky item collection - 5 items	£25.00	£33.00
Garden Waste collection (annual subscription)	£24.00	£30.00
<b>Exclusive rights of burial for 70 years:</b>		
<b>Fee updated to reflect budgeted costs of service delivery</b>		
Reassignment / Transfer of Deed (if to spouse 50% reduction)	£56.00	£60.00
<b>Licences – Taxis / Hackney carriage / private hire:</b>		
<b>Fee updated to reflect budgeted costs of service delivery</b>		
New (TAXI PLATE) Wheelchair Accessible or Zero Emission Vehicle (ZEV)	£140	£160
New (PHV PLATE) Ultra Low Emission Vehicle (ULEV) or Hybrid Electric Vehicle (HEV)	£140	£160
<b>Building Control:</b>		

<b>Fees updated to fall in line with fees charged by other Districts in Partnership</b>		
Building Control hourly rate	£60.50	£67.80
Written confirmation of works exempt from building regulations	£30.25	£33.90
Written confirmation of non-existence of building regulations record	£30.25	£33.90
Written confirmation of completion of work to which building regulations applied	£30.25	£33.90
Extensive search of building control history for site or premises (per hour)	£60.50	£67.80
Completion application for a closed application (reactivation of application and 1 inspection)	£84.70	£67.80
Additional inspections on a reactivated application (per inspection)	£60.50	£67.80
Building control surveyor attendance at emergency incident/enforcement (per hour)	£60.50	£67.80
Building control surveyor attendance at emergency incident out of hours (per hour)	£105.90	£101.70
Preparation and posting of documentation in relation to an emergency/enforcement incident or dangerous structure (per document)	£60.50	£67.80
<b>Miscellaneous</b>		
Council Agendas (per copy)	£5.40	£11.00
<b>Legal Services:</b>		
<b>Charge more accurately reflects the time taken to draw up agreements</b>		
S106 Agreement short form unilateral undertaking	£250	£350
Variation of S106 agreement or unilateral undertaking	£534	£750
Retrospective consent (ex council properties)	£120	£130
Right of Way (standard easement)	£220	£250

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

4.1 Report taken in open session.

#### **5. Financial implications [IB]**

5.1 Contained in the body of the report

#### **6. Legal implications (MR)**

6.1 The council's powers to charge can arise from mandatory powers, express discretionary powers or implied or incidental powers.

6.2 Mandatory powers are set out in the functional legislation such as the power to charge for planning applications set out in the Town and Country Planning Act 1990.

6.3 Section 93 Local Government Act 2003 gives the Council power to charge for discretionary services, but not in cases where there is already power to charge under other legislation e.g. power to charge for the use of a swimming pool pursuant to the Local Government Miscellaneous Provisions Act 1976.

6.4 The power to charge under Section 93 can only be used for services which the Council is empowered to provide.

6.5 The Section 93 power is not intended to provide a new income stream; its aim is to allow the Council to recover the costs of providing services, and there is a general duty on the Council to secure that, from one year to the next, the income from charges for services does not exceed the costs of provision.

## **7. Corporate Plan implications**

7.1 The setting of fees and charges forms a key part of the budget process and aids in ensuring that resources generated in order to ensure delivery of all of the aims, outcomes and targets included in the Council's Corporate Plan.

## **8. Consultation**

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

## **9. Risk implications**

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

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

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

<b>Management of Significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating Actions</b>	<b>Owner</b>
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	A.Wilson

## **10. Knowing your community – equality and rural implications**

10.1 The budget process will impact on all areas of the Borough and all groups within the population

10.2 Where concessions are made for certain groups for charging purposes these are detailed in the attached booklet

## **11. Climate implications**

11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

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

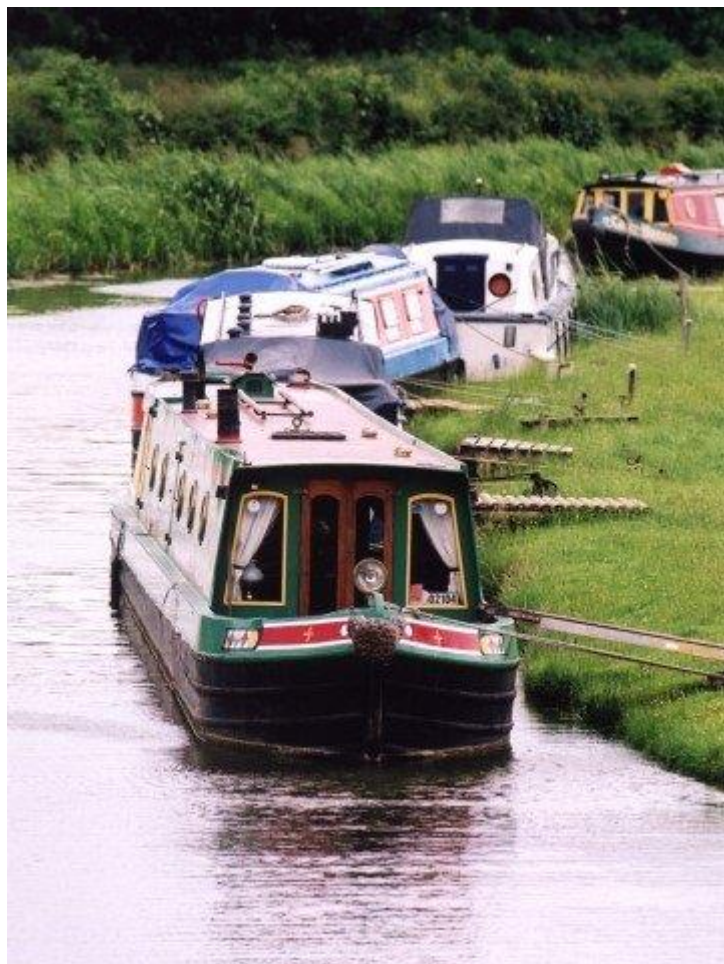
Background papers: Fees and Charges submissions  
Contact officer: Caroline Stretton, Senior Accountant Ext 5986  
Executive member: Cllr K Lynch

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Hinckley & Bosworth  
Borough Council

# Scale of fees and charges



2021 / 2022

Operative from 1 April 2021

## Scale of fees and charges 2021/22

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## Scale of Fees and Charges 2021/22

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

### VAT LIABILITY

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

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

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

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

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

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

There are also some goods and services that are:

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

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

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Cemeteries</b>				
<b>Interments - Including natural burials</b>				
Of the body of a child up to the age of 18 yrs. inclusive.	Non-Business	No charge	No charge	-
Interment of the body of a child up to 18 years of age is free into a single depth grave. Where interments are required at double depth or below then single depth interment charges for over 18's will apply				
Of the body of a person whose age exceeded 18 yrs. (Inc. caskets and brick graves)				
Single depth grave	Non-Business	475.00	485.00	2.11%
Double depth	Non-Business	550.00	560.00	1.82%
Triple depth grave	Non-Business	630.00	640.00	1.59%
Of a cremated remains in a grave				
Casket depth / ashes scattered under turf	Non-Business	145.00	148.00	2.07%
Scattering of cremated remains in the Garden of Rest	Non-Business	110.00	112.00	1.82%
Sexton led interment - no funeral director (in addition to above charges)	Non-Business	38.00	38.00	-
<b>Note:</b> - If resident outside special expense area = double fees				
- Except for residents who had lived within the area for at least 25 years, but who lived outside the area for health care or welfare reasons for no longer than ten years immediately prior to their death				
- where available, work in the cemeteries on Saturdays or Sundays will attract double fees				
<b>Exclusive rights of burial for 70 years</b>				
Casket plot 150 x 90cm (5'x3') (up to 2 caskets/ashes interment)	Non-Business	335.00	340.00	1.49%
Casket plot 240 x 120cm (8'x 4') (Section J only, up to 4 caskets/ashes interment)	Non-Business	650.00	660.00	1.54%
Grave plot of a child up to the age of 18yrs (appropriate plot size) special expense area	Non-Business	No charge	No charge	-
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside special expense area, but within borough	Non-Business	220.00	220.00	-
Grave plot of a child up to the age of 18yrs (appropriate plot size) outside of the borough (double fees)	Non-Business	440.00	440.00	-
<b>Note:</b> -should parents opt for a grave size greater than the size of the coffin then normal grave purchase fees will apply (single fee for special expense area, double fees for outside the borough)				
Grave plot 240 x 120cm (8'x4')	Non-Business	650.00	660.00	1.54%
Reservation fee	Non-Business	115.00	115.00	-
Reassignment / Transfer of Deed (If to spouse 50% reduction)	Non-Business	56.00	60.00	7.14%
Extension to EROB 30yrs (1/2, 70yrs fee)	Non-Business	See above	See above	-
<b>Note:</b> - If grave is being purchased for the interment of someone who was not resident in Hinckley then double fees apply				
<b>Rights to erect memorial on a grave plot</b>				
A memorial not exceeding 105cm wide (3' 6") and 120cm high (4')	Non-Business	154.00	156.00	1.30%
A memorial not exceeding 50cm (1'8") high	Non-Business	86.00	88.00	2.33%
Memorial kerb (In garden of rest - to include plaque & 2 inscriptions)	Non-Business	123.00	125.00	1.63%
Install plaque on remembrance wall	Non-Business	103.00	105.00	1.94%
Additional Inscriptions to memorials	Non-Business	68.00	70.00	2.94%
<b>Note:</b> - Right to erect replacement memorials no charge				
<b>Other charges (incl. VAT)</b>				
Entries in book of remembrance per line	Standard Rated	39.00	40.00	2.56%
Service in cemetery chapel	Non-Business	120.00	120.00	-
Exhumations		Triple interment fees	Triple interment fees	-
Memorial bench - subject to location availability (including single plaque & 15 years bench maintenance)	Standard Rated	1,175.00	1,190.00	1.28%
Memorial bench plaque to HBBC bench, subject to availability (bench maintenance and plaque for 15 years)	Standard Rated	290.00	290.00	-
Memorial tree - subject to location availability (including free standing memorial plaque)	Standard Rated	315.00	315.00	-
Search and copy per burial record (where death occurred more than 5 years before search)	Standard Rated	11.00	11.00	-
Soil removal from grave side for burial	Exempt	120.00	120.00	-

Category		VAT	2020/21 £	2021/22 £	% increase
<b>Green spaces and events</b>					
<b>Professional fees</b>					
Professional Fees	Parks and cemetery matters/ staff led activities/ hour	Standard Rated	47.00	48.00	2.13%
Lost keys		Standard Rated	36.00	37.00	2.78%
<b>Bowls – Hollycroft Park</b>					
Season ticket -	Concession*	Exempt	58.00	58.00	-
	Adult	Exempt	82.50	82.50	-
Per rink / per hour	Concession*	Standard Rated	3.70	3.70	-
	Adult	Standard Rated	6.50	6.50	-
<b>Note:-</b> New members - first season green fees 25% discount Part season ticket - from July onwards 50% reduction					
<b>Tennis – Hollycroft Park</b>					
Per court per hour	Adult	Standard Rated	7.50	7.50	-
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Adult	Standard Rated	5.60	5.60	-
Per court per hour	Concession *	Standard Rated	5.00	5.00	-
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Concession *	Standard Rated	3.70	3.70	-
Per court per hour	Mixed (Adult and concession*)	Standard Rated	6.10	6.10	-
Off peak rate 11.00am - 3.00pm (Monday to Friday)	Mixed (Adult and concession*)	Standard Rated	4.60	4.60	-
<b>Pitch and putt – Hollycroft Park</b>					
Adult		Standard Rated	3.40	3.40	-
*Concession		Standard Rated	1.80	1.80	-
Equipment Hire - Hollycroft Park (for all sports equipment)		Standard Rated	10.00	10.00	-
<b>Note:-</b> *Concession - over 60, under 18 years or students in full-time education					
<b>Hollycroft Park, Argents Mead, parks and open spaces</b>					
Hire of bandstand, parks and open spaces (commercial events) per day		Exempt	375.00	375.00	-
Hire of bandstand (community events, registered charities, schools) per day		Exempt	No charge	No charge	-
Parks and open spaces (fair and circuses)		Exempt	387.00	387.00	-
Bond (fairs and circuses)		Exempt	640.00	640.00	-
Commercial use of parks and open spaces for fitness training or dog training (annual licence fee)		Exempt	123.00	123.00	-
<b>Events</b>					
Catering stalls (pitch 3m x 6m)		Standard Rated	74.00	75.00	1.35%
Other stalls (pitch 3m x 6m)		Standard Rated	38.00	39.00	2.63%
Additional pitch to above (pitch 3m x 6m)		Standard Rated	1/2 above fee	1/2 above fee	-
Stall community / non profit making organisations / registered charities (promotion/display only)			No charge	No charge	-
Leisure activities including rides		Standard Rated	51.00	52.00	1.96%
<b>Football and cricket pitches - Adult</b>					
Pitch per 11 matches (per season)	Teams in the Borough pitch only	Exempt	275.00	275.00	-
	Teams in the Borough pitch with changing room	Exempt	549.00	549.00	-
	Teams outside Borough pitch only	Exempt	371.00	371.00	-
	Teams outside Borough pitch with changing room	Exempt	686.00	686.00	-
Casual lettings - per match with facilities:	Teams in the Borough	Standard Rated	74.00	74.00	-
	Teams outside Borough	Standard Rated	85.00	85.00	-
Casual lettings - per match without facilities:	Teams in the Borough	Standard Rated	40.00	40.00	-
	Teams outside Borough	Standard Rated	52.00	52.00	-
Junior - 1/2 adult fees			1/2 above fee	1/2 above fee	-
<b>Allotments</b>					
Small plot - size 0 - 100sqm		Non-Business	25.00	25.00	-
Medium plot - size 101 - 200sqm		Non-Business	35.00	35.00	-
Large plot - size 201 - 300sqm		Non-Business	45.00	45.00	-
Administration charge on new tenancy		Non-Business	25.00	25.00	-
Additional key charge		Non-Business		10.00	-
<b>Note:-</b> *£5.00 reduction per plot for sites without water <b>Note:-</b> *Tenants over 60 will receive 25% discount on plot fees					
<b>Countryside activities</b>					
HBBC organised environmental activities - Spring / Summer (for ages 5 - 12 years)		Exempt	POA	POA	-
Floral displays / Hanging baskets		Standard Rated	POA	POA	-
Timber per 3 tonne trailer full - un-split - Advice note to be issued, on how to dry wood		Standard Rated	63.00	64.00	1.59%
Delivery of timber		Standard Rated	POA	POA	-
Above all subject to availability					

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Licences</b>				
<b>Taxis</b>				
Hackney carriage vehicle licence	Non-Business	160.00	160.00	-
Private hire vehicle licence	Non-Business	160.00	160.00	-
Private hire operators licence	Non-Business	240.00	240.00	-
Private or Hackney carriage drivers licence	Non-Business	160.00	160.00	-
Transfer Hackney carriage / private hire vehicle licence	Non-Business	90.00	90.00	-
<b>Hackney carriage/ private hire</b>				
Replacement driver's badge or vehicle licence	Non-Business	20.00	20.00	-
Replacement vehicle plate	Non-Business	28.00	28.00	-
Supply of list of Hackney carriage/ private hire vehicle operators	Non-Business	40.00	40.00	-
New (TAXI PLATE) Wheelchair Accessible or Zero Emission Vehicle (ZEV)	Non-Business	140.00	160.00	14.29%
New (PHV PLATE) Ultra Low Emission Vehicle (ULEV) or Hybrid Electric Vehicle (HEV)	Non-Business	140.00	160.00	14.29%
<b>Sex establishments</b>				
Sex shop / sexual entertainment venue	Non-Business	1,000.00	1,000.00	-
Renewal	Non-Business	750.00	750.00	-
Variation of licence	Non-Business	250.00	250.00	-
Transfer of licence	Non-Business	250.00	250.00	-
<b>Gambling Act 2005</b>				
<b>Premises</b>				
Premises licence	Non-Business	800.00	800.00	-
Annual fee	Non-Business	250.00	250.00	-
Variation fee	Non-Business	800.00	800.00	-
Change of circumstance	Non-Business	25.00	25.00	-
Transfer of licence	Non-Business	285.00	285.00	-
Re-instatement fee	Non-Business	285.00	285.00	-
Provisional statement	Non-Business	800.00	800.00	-
Copy of licence	Non-Business	25.00	25.00	-
<b>Alcohol licenced premises gaming machine permit</b>				
New grant	Non-Business	150.00	150.00	-
Existing operator grant	Non-Business	100.00	100.00	-
Variation	Non-Business	100.00	100.00	-
Transfer of licence	Non-Business	25.00	25.00	-
Annual fee	Non-Business	50.00	50.00	-
Change of name	Non-Business	25.00	25.00	-
Notification of 2 machines	Non-Business	50.00	50.00	-
<b>Prize gaming permit</b>				
New grant	Non-Business	300.00	300.00	-
Renewal	Non-Business	300.00	300.00	-
Existing operator grant	Non-Business	100.00	100.00	-
Change of name	Non-Business	25.00	25.00	-
Copy of permit	Non-Business	15.00	15.00	-
<b>Unlicenced FEC gaming machine</b>				
New grant	Non-Business	300.00	300.00	-
Renewal	Non-Business	300.00	300.00	-
Existing operator grant	Non-Business	100.00	100.00	-
Change of name	Non-Business	25.00	25.00	-
Copy of permit	Non-Business	15.00	15.00	-

Category		VAT	2020/21 £	2021/22 £	% increase
<b>Club gaming permits</b>					
Grant		Non-Business	200.00	200.00	-
Grant (club premises certificate holder)		Non-Business	100.00	100.00	-
Existing operator grant		Non-Business	100.00	100.00	-
Variation		Non-Business	100.00	100.00	-
Renewal		Non-Business	200.00	200.00	-
Renewal (club premises certificate holder)		Non-Business	100.00	100.00	-
Annual fee		Non-Business	50.00	50.00	-
Copy of permit		Non-Business	15.00	15.00	-
<b>Club machine permits</b>					
Grant		Non-Business	200.00	200.00	-
Grant (club premises certificate holder)		Non-Business	100.00	100.00	-
Existing operator grant		Non-Business	100.00	100.00	-
Variation		Non-Business	100.00	100.00	-
Renewal		Non-Business	200.00	200.00	-
Renewal (club premises certificate holder)		Non-Business	100.00	100.00	-
Annual fee		Non-Business	50.00	50.00	-
Copy of permit		Non-Business	15.00	15.00	-
<b>Small society lottery registration</b>					
Small society lottery registration		Non-Business	40.00	40.00	-
Small society lottery annual fee		Non-Business	20.00	20.00	-
<b>Licensing Act 2003</b>					
New premises (subject to NNDR band)	Band A	Non-Business	100.00	100.00	-
	Band B	Non-Business	190.00	190.00	-
	Band C	Non-Business	315.00	315.00	-
	Band D	Non-Business	450.00	450.00	-
	Band E	Non-Business	635.00	635.00	-
Annual fees (subject to NNDR band)	Band A	Non-Business	70.00	70.00	-
	Band B	Non-Business	180.00	180.00	-
	Band C	Non-Business	295.00	295.00	-
	Band D	Non-Business	320.00	320.00	-
	Band E	Non-Business	350.00	350.00	-
Personal license		Non-Business	37.00	37.00	-
Temporary event notices		Non-Business	21.00	21.00	-
Minor variation		Non-Business	89.00	89.00	-
Theft / loss of premises license summary		Non-Business	10.50	10.50	-
Application for provisional statement		Non-Business	195.00	195.00	-
Change of name and address		Non-Business	10.50	10.50	-
Application for license variation - specify individual as premises supervisor		Non-Business	23.00	23.00	-
Application to display mandatory alcohol condition for community premises		Non-Business	23.00	23.00	-
Application for transfer of premises license		Non-Business	23.00	23.00	-
Interim authority notice		Non-Business	23.00	23.00	-
Theft / loss of certificate of summary		Non-Business	10.50	10.50	-
Notification of change of rules / name of club		Non-Business	10.50	10.50	-
Notification of change of address of club		Non-Business	10.50	10.50	-
Theft / loss of certificate of temporary license		Non-Business	10.50	10.50	-
Theft / loss of certificate of personal license		Non-Business	10.50	10.50	-
Right of freeholder to be notified of licensing matters		Non-Business	21.00	21.00	-

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Markets</b>				
<b>Rival markets</b>				
One day event	Non-Business	175.00	180.00	2.86%
Two day event	Non-Business	299.00	308.00	3.01%
Three day event	Non-Business	350.00	360.00	2.86%
<b>Street trading consents</b>				
Annual consent	Non-Business	970.00	970.00	-
Daily consent	Non-Business	100.00	100.00	-
<b>Animal establishments</b>				
<b>Pet shops *</b>				
Ordinary	Non-Business	208.00	208.00	-
<b>Riding establishments *</b>				
Dog breeding *	Non-Business	170.00	170.00	-
Keeping or training animals for exhibition	Non-Business	191.00	191.00	-
Boarding for cats and dogs	Non-Business	125.00	125.00	-
Reassessment of star rating	Non-Business	95.00	95.00	-
Variation of licence	Non-Business	95.00	95.00	-
<b>Multiple Activities</b>				
For those applicants who carry on more than one of the above licence activities, the full licence application fee will be payable for the highest application, plus £41.72 per additional licensable activity	Non-Business	41.72	41.72	-
Dangerous wild animals * 2 yr. licence	Non-Business	160.00	160.00	-
Zoos *	Non-Business	676.00	676.00	-
<b>Note:-</b> * Plus vet's fees where applicable				
<b>Registration</b>				
<b>Skin pierces (1 off reg. fee)</b>				
Person	Non-Business	90.10	90.10	-
Premises	Non-Business	135.00	135.00	-
<b>Cosmetic skin piercing and skin colouring</b>				
Person	Non-Business	90.10	90.10	-
Premises	Non-Business	135.00	135.00	-
<b>Hairdressers (1 off registration fee)</b>				
Person	Non-Business	90.10	90.10	-
Premises	Non-Business	135.00	135.00	-
Reprinting of licence/ registrations	Non-Business	20.00	20.00	-

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Car parks</b>				
<b>Car park fees</b>				
<b>Short stay</b>				
Up to 1 hour	Standard Rated	0.60	0.60	-
Over 1 hour and up to 2 hours	Standard Rated	1.20	1.20	-
Over 2 hours and up to 3 hours	Standard Rated	2.00	2.00	-
Over 3 hours and up to 4 hours	Standard Rated	3.00	3.00	-
Over 4 hours	Standard Rated	6.00	6.00	-
<b>Long stay</b>				
Up to 1 hour	Standard Rated	0.60	0.60	-
Up to 2 hours	Standard Rated	1.20	1.20	-
Up to 5 hours	Standard Rated	1.60	1.60	-
Over 5 hours	Standard Rated	2.50	2.50	-
<b>Castle car park</b>				
Up to 1 hour	Standard Rated	0.60	0.60	-
Up to 2 hours	Standard Rated	1.20	1.20	-
Up to 5 hours	Standard Rated	2.00	2.00	-
Over 5 hours	Standard Rated	4.00	4.00	-
<b>Market Bosworth Rectory Lane car park</b>				
Up to 1 hour	Standard Rated	0.30	0.30	-
Up to 2 hours	Standard Rated	0.50	0.50	-
Up to 4 hours	Standard Rated	1.00	1.00	-
Over 4 hours	Standard Rated	2.00	2.00	-
<b>Season tickets (limited use)</b>				
Per year from month of issue	Standard Rated	375.00	375.00	-
Per half year from month of issue	Standard Rated	200.00	200.00	-
Per quarter from month of issue	Standard Rated	110.00	110.00	-
Replacement / amendment season tickets	Standard Rated	10.00	10.00	-
Cancellation of PCN were permit incorrectly displayed	Standard Rated	10.00	10.00	-
Per month (valid 1st day of month)	Standard Rated	40.00	40.00	-
<b>Staff season ticket</b>				
Per month direct debit (for full year permit only)	Standard Rated	31.25	31.25	-
<b>Season tickets (long stay plus Castle car park)</b>				
Per year	Standard Rated	500.00	500.00	-
Per month for direct debit	Standard Rated	41.67	41.67	-
<b>Staff parking (based on salary sacrifice)</b>				
Full day	Standard Rated	310.00	310.00	-
Half day	Standard Rated	155.00	155.00	-
Fixed day per day	Standard Rated	62.00	62.00	-
<b>Residents parking season ticket (restricted availability)</b>				
Short stay per year	Standard Rated	75.00	75.00	-
Long stay per year	Standard Rated	50.00	50.00	-
New street per month direct debit only	Standard Rated	10.00	10.00	-
<b>Car park fines</b>				
Higher charge fines*	Non-Business	70.00	70.00	-
Lower charge fines*	Non-Business	50.00	50.00	-
<b>Electric charging</b>				
Electric vehicle charging per KWH	Standard Rated		POA	-
Advertising on car park tickets – please contact 01455 255626	Standard Rated	POA	POA	-
* Fines reduced by 50% for prompt payment (14 days)				
<b>Commercial display on car parks</b>				
Per day	Exempt	POA	POA	-

Category		VAT	2020/21 £	2021/22 £	% increase
Environment health					
Pest control					
Domestic					
Rats		Standard Rated	20.00	20.00	-
Mice		Standard Rated	53.00	53.00	-
Insects per treatment		Standard Rated	53.00	53.00	-
Insects per call-out where treatment not necessary		Standard Rated	26.50	26.50	-
Treatment of mice and insects for persons in receipt of eligible benefit		Standard Rated	26.50	26.50	-
Wasp treatment for 1 nest		Standard Rated	53.00	53.00	-
Wasp treatment per each additional nest		Standard Rated	26.50	26.50	-
Wasp treatment for 1 nest for persons in receipt of eligible benefit		Standard Rated	26.50	26.50	-
Wasp treatment per each additional nest for persons in receipt of eligible benefit		Standard Rated	13.25	13.25	-
Business					
Insects and rodents – labour per hour or part thereof		Standard Rated	59.40	60.30	1.52%
Materials		Standard Rated	Cost + 40%	Cost + 40%	-
Minimum charge		Standard Rated	80.25	81.45	1.50%
Insects per call - out where treatment not necessary		Standard Rated	40.15	40.75	1.50%
Stray dogs					
Kennelling	Per day	Non-Business	17.85	18.15	1.68%
	Per occurrence (statutory fee)	Non-Business	25.00	25.00	-
Microchipping	Event charges	Standard Rated	10.00	10.00	-
	Home visit	Standard Rated	15.00	15.00	-
Refuse collection					
White goods/bulky item collection - 3 items or less	50% reduction available for those on benefits	Non-Business	15.00	20.00	33.33%
White goods/bulky item collection - 5 items	50% reduction available for those on benefits	Non-Business	25.00	33.00	32.00%
Each additional white goods/bulky item above 5 items		Non-Business	£6 per item	£6.50 per item	-
Garden waste collection (annual subscription)		Non-Business	£24 per bin	£30 per bin	25.00%
Replacement bin (lost/stolen/damaged or removed due a sec 46 EPA contravention)		Non-Business	38.00	38.50	1.32%
1 new bin (new occupancy)		Non-Business	24.50	24.75	1.02%
2 new bins (new occupancy)		Non-Business	49.00	49.50	1.02%
Trade waste refuse 1100 litre wheeled bin		Non-Business	POA	POA	-
Trade waste refuse 660 litre wheeled bin		Non-Business	POA	POA	-
Trade waste refuse 240 litre wheeled bin		Non-Business	POA	POA	-
Trade waste recycling 1100 litre wheeled bin		Non-Business	POA	POA	-
Trade waste recycling 660 litre wheeled bin		Non-Business	POA	POA	-
Trade waste recycling 240 litre wheeled bin		Non-Business	POA	POA	-
Trade bag (town centre only)		Non-Business	POA	POA	-
Bin installation (additional to contract)					
Bin installation		Standard Rated	POA	POA	-
Empty additional bin (per bin per occasion)		Standard Rated	POA	POA	-
Sweeper hire		Standard Rated	POA	POA	-
Asbestos removal and disposal		Standard Rated	POA	POA	-
Noise nuisance					
Return of audio equipment seized		Non-Business	168.75	171.30	1.51%
Silencing of alarms requiring warrant (any contractors costs to be charged in addition)		Non-Business	141.70	143.85	1.52%
Silencing of alarms without warrant (any contractors costs to be charged in addition)		Non-Business	72.10	73.20	1.53%
Works in default - recovery of costs		Non-Business	Cost + 30%	Cost + 30%	-
Other miscellaneous charges					
Food hygiene courses		Non-Business	50.00	50.00	-
Food surrender					
Certification fee		Non-Business	100.00	100.00	-
Plus transport for disposal		Non-Business	At cost	At cost	-
Food register per sheet		Non-Business	30.00	30.00	-
Food Export Certificate		Non-Business	100.00	100.00	-
Safer food better business pack		Non-Business	15.00	15.00	-
Safer food better business diary refill		Non-Business	10.00	10.00	-
Whole register		Non-Business	400.00	400.00	-
Confirmation certificate for immigration of food business details		Non-Business	60.00	60.00	-
Contaminated land enquiries		Non-Business	77.00	77.00	-
Register of permits / authorisations		Non-Business	71.35	71.35	-
Public register - copies of summaries		Non-Business	30.20	30.20	-
Radar keys (disabled access to toilets) - purchase price		Non-Business	-	-	-
Analysis fees - swimming pool water samples		Standard Rated	46.10	46.10	-
Health and safety statement of facts		Non-Business	£46 / hour	£46 / hour	-
Recharge of officer time		Non-Business	Direct cost + 40%	Direct cost + 40%	-
Replacement certificates			20.00	20.00	-



Category	VAT	2020/21 £	2021/22 £	% increase
<b>Private water supply charges</b>				
Commercial premises risk assessment	Non-Business	£43 / hour	£43 / hour	-
Simple domestic sample analysis	Non-Business	At cost plus £20 admin fee	At cost plus £20 admin fee	-

Category	VAT	2020/21		2021/22		% increase
		£	£	£	£	
Clean neighbourhoods - fixed penalty notices - statutory charges						
		Payments after 10 days	Reduction for Early Payment (10 days)			
Nuisance parking	Non-Business	100.00	80.00	100.00	80.00	-
Abandoning a vehicle	Non-Business	200.00	180.00	200.00	180.00	-
Litter	Non-Business	150.00	100.00	150.00	100.00	-
Unauthorised distribution of literature on designated land	Non-Business	150.00	100.00	150.00	100.00	-
Graffiti and fly posting	Non-Business	150.00	100.00	150.00	100.00	-
Failure to produce authority (waste transfer notes)	Non-Business	300.00	230.00	300.00	230.00	-
Failure to furnish documentation (waste carriers licence)	Non-Business	300.00	230.00	300.00	230.00	-
Offences in relation to waste receptacles	Non-Business	60.00	40.00	60.00	40.00	-
Allowing a dog to foul in a public place	Non-Business	50.00	50.00	50.00	50.00	-
Failure to comply with a community protection notice, under the Anti-Social Behaviour, Crime and Policing Act 2014	Non-Business	100.00	80.00	100.00	80.00	-
Duty of care	Non-Business	400.00	200.00	400.00	200.00	-
Littering from vehicles	Non-Business	150.00	100.00	150.00	100.00	-
Breach of public spaces protection order, under the Anti-social Behaviour, Crime and Policing Act 2014	Non-Business	100.00	80.00	100.00	80.00	-
Fly tipping S33(1)(a) Environmental Protection Act 1990	Non-Business	400.00	200.00	400.00	200.00	-

CATEGORY	2020/21	2021/22	% increase
	£	£	
<b>Leisure centre - (fees set by the external partner, Places Leisure Ltd)</b>			
<b>Swimming</b>			
Adult	4.75	4.85	2.11%
Senior (60 Plus)	2.60	2.65	1.92%
Concession (inc. Junior Under 16, unemployed, student)	2.60	2.65	1.92%
Disabled	No charge	No charge	-
Spectator	No charge	No charge	-
<b>Pool hire</b>			
Private hire – main pool (per 1 hour whole pool)	80.80	82.00	1.49%
Private hire – main pool (per 1 hour per lane)	10.10	10.25	1.49%
Private hire – community pool (per 1 hour)	47.00	47.70	1.49%
<b>Fitness and health casual</b>			
Gym induction	16.70	16.95	1.50%
Gym session concession (9.00am – 5.00pm only)	4.70	4.80	2.13%
GP referral / heartsmart session	2.60	2.65	1.92%
<b>Sports halls and courts</b>			
Adult badminton court	8.80	8.95	1.70%
Concession (off peak only) badminton	4.70	4.80	2.13%
Half main hall hire	43.00	43.65	1.51%
Concession (off peak only) half main hall	20.50	20.80	1.46%

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Markets</b>				
<b>Market stall licenced trader</b>				
New traders to be charged half price on first stall for a period of four weeks				
Saturday zone A	Exempt	23.50	24.00	2.13%
Second stall	Exempt	17.63	18.00	2.10%
Third and all subsequent stalls	Exempt	11.75	12.00	2.13%
Monday zone A	Exempt	19.00	19.40	2.11%
Second stall	Exempt	14.25	14.55	2.11%
Third and all subsequent stalls	Exempt	9.50	9.70	2.11%
Friday zone A	Exempt	19.00	19.40	2.11%
Second stall	Exempt	14.25	14.55	2.11%
Third and all subsequent stalls	Exempt	9.50	9.70	2.11%
Saturday zone B	Exempt	11.75	12.00	2.13%
Second stall	Exempt	8.81	9.00	2.16%
Third and all subsequent stalls	Exempt	5.88	6.00	2.04%
Monday zone B	Exempt	9.50	9.70	2.11%
Second stall	Exempt	7.13	7.28	2.10%
Third and all subsequent stalls	Exempt	4.75	4.85	2.11%
Friday zone B	Exempt	9.50	9.70	2.11%
Second stall	Exempt	7.13	7.28	2.10%
Third and all subsequent stalls	Exempt	4.75	4.85	2.11%
<b>Market stall casual trader</b>				
Saturday zone A	Exempt	28.50	29.00	1.75%
Monday zone A	Exempt	23.00	23.50	2.17%
Friday zone A	Exempt	23.00	23.50	2.17%
Saturday zone B	Exempt	14.25	14.50	1.75%
Monday zone B	Exempt	11.50	11.75	2.17%
Friday zone B	Exempt	11.50	11.75	2.17%
Saturday zone C	Exempt	7.13	7.25	1.68%
Monday zone C	Exempt	5.75	5.87	2.09%
Friday zone C	Exempt	5.75	5.87	2.09%
Charity stall	Non-Business	5.75	5.87	2.09%
Friday street trading consents per pitch	Non-Business	23.00	23.50	2.17%
Saturday bric a brac (in zone B)	Exempt	10.00	10.00	-
Monday bric a brac (in zone B)	Exempt	10.00	10.00	-
Friday bric a brac (in zone B)	Exempt	10.00	10.00	-
Town centre commercial displays	Standard Rated	POA	POA	-
Town centre large commercial displays (over 6m length over 3m width)	Standard Rated	£190 per day	£190 per day	-
<b>Commercial rents</b>				
Rent of industrial unit	Exempt	POA	POA	-
Rent unit at Greenfields site	Standard Rated	POA	POA	-
Rent of space in Atkins Building	Standard Rated	POA	POA	-
Rent of retail shops	Exempt	POA	POA	-
<b>Miscellaneous</b>				
<b>Copies of building regulations and planning approvals</b>				
Extensive researching of planning history of site or premises	Non-Business	64.20	65.20	1.55%
Photocopying of other documentation				
Per A4 sheet	Zero Rated	10p + p&p	10p + p&p	-
Per A3 sheet	Zero Rated	10p + p&p	10p + p&p	-

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Other</b>				
Aerial photography	Standard Rated	POA	POA	-

#### Pre planning application advice

Householder pre-application advice	Standard Rated	84.00	85.00	1.19%
Major strategic development (planning performance agreement)	Standard Rated	POA	POA	-
Major development (large residential, retail, leisure, employment) pre-application advice	Standard Rated	5,220.00	5,300.00	1.53%
Additional meeting and advice note	Standard Rated	900.00	900.00	-
Major development (50-99 dwellings or 5,000-9,999 m2) pre-application advice	Standard Rated	3,500.00	3,560.00	1.71%
Additional meeting and / or advice note	Standard Rated	500.00	500.00	-
Major development (10-49 dwellings or 1,000-4,999 m2) pre-application advice	Standard Rated	2,250.00	2,290.00	1.78%
Additional meeting and / or advice note	Standard Rated	500.00	500.00	-
Minor development (5-9 dwellings or 500-999 m2) pre-application advice	Standard Rated	1,000.00	1,000.00	-
Additional meeting and / or advice note	Standard Rated	120.00	120.00	-
Minor development (1-4 dwellings, agricultural, change of use or other minor development) pre-application advice	Standard Rated	370.00	380.00	2.70%
Additional meeting and advice note	Standard Rated	120.00	120.00	-
Commercial pre-application advice	Standard Rated	POA	POA	-

#### Local land charges

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

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

#### Building control

Building regulation application charges - please ring 01455 255677				
Building control hourly rate	Standard Rated	60.50	67.80	12.07%
Written confirmation of works exempt from building regulations	Non-Business	30.25	33.90	12.07%
Written confirmation of non-existence of building regulations record	Standard Rated	30.25	33.90	12.07%
Written confirmation of completion of work to which building regulations applied	Standard Rated	30.25	33.90	12.07%
Extensive search of building control history for site or premises (per hour)	Standard Rated	60.50	67.80	12.07%
Completion application for a closed application (reactivation of application and 1 inspection)	Standard Rated	84.70	67.80	(19.95%)
Additional inspections on a reactivated application (per inspection)	Standard Rated	60.50	67.80	12.07%
Building control surveyor attendance at emergency incident/enforcement (per hour)	Non-Business	60.50	67.80	12.07%
Building control surveyor attendance at emergency incident out of hours (per hour)	Non-Business	105.90	101.70	(3.97%)
Preparation and posting of documentation in relation to an emergency/enforcement incident or dangerous structure (per document)	Non-Business	60.50	67.80	12.07%

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Grobby Community Centre</b>				
Whole building				
3 hour session	Exempt	44.80	45.50	1.56%
Small room				
3 hour session	Exempt	22.45	22.80	1.56%
Discounts				
Registered charities (must quote registration number)		70%	70%	-
Approved elderly persons' organisations		70%	70%	-
Regular users – minimum usage 1 booking per week				
Booked quarterly in advance with no cancellation permitted		10%	10%	-
<b>Letting of garages and garage plots (HRA)</b>				
Where VAT applies, the figures quoted include VAT				
Garage plots per annum				
Private owners	Standard Rated	49.90	50.65	1.50%
Council house residents if let within proximity of residence	Non-Business	41.65	42.30	1.56%
Garages (council tenants)	Non-Business	236.00	239.55	1.50%
Garages (non council tenants)	Standard Rated	283.25	287.50	1.50%
Garages (council tenants) not let within proximity of residence	Standard Rated	283.25	287.50	1.50%
<b>Other housing charges (HRA)</b>				
Warden assisted accommodation				
Guest room charge per night	Standard Rated	10.85	11.01	1.50%
Warden assistance alarm connection				
Lifeline (weekly charge)	Standard Rated	5.18	5.26	1.50%
Lifeline for registered Disabled (weekly charge)	Exempt	4.31	4.37	1.50%
Central control connection (weekly charge)	Standard Rated	2.10	2.13	1.50%
<b>Other housing charges (private sector)</b>				
Accommodation certificate	Standard Rated	150.00	150.00	-
Service of housing act notices - recovery of cost	Non-Business	POA	POA	-
Housing - mandatory HMO licensing - recovery of cost	Non-Business	POA	POA	-
<b>Sheltered housing - service charges</b>				
Ambion Court	Non-Business	15.00	15.00	-
Hereford Way	Non-Business	11.15	11.30	1.32%
Clarendon House	Non-Business	15.00	15.00	-
Queensway	Non-Business	12.10	12.30	1.67%
Castle Court	Non-Business	15.00	15.00	-
Mayflower Court	Non-Business	15.00	15.00	-
Royal Court	Non-Business	9.60	9.75	1.60%
Centurion Court	Non-Business	15.00	15.00	-
St Giles Close	Non-Business	8.75	8.90	1.73%
Armada Court	Non-Business	11.90	12.10	1.67%
Tom Eatough Court	Non-Business	15.00	15.00	-
<b>Bed and breakfast charges (homeless)</b>				
Households on JSA/IS (weekly charge)	Standard Rated	13.90	14.10	1.44%
Employed households (daily charge)	Standard Rated	13.90	14.10	1.44%
Each additional member of household (weekly charge)	Standard Rated	3.45	3.50	1.45%

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Publication list</b>				
Hinckley & Bosworth local plan *	Zero Rated	72.60	73.69	1.50%
<b>Local plan documents</b>				
Local development scheme	Zero Rated	12.60	12.78	1.50%
Statement of community involvement	Zero Rated	12.60	12.78	1.50%
Authority monitoring report	Zero Rated	12.60	12.78	1.50%
Residential land availability statement	Zero Rated	12.60	12.78	1.50%
Employment land availability monitoring statement	Zero Rated	12.60	12.78	1.50%
Core strategy (December 2009) plus sustainability appraisal	Zero Rated	28.40	28.83	1.50%
Core strategy inspectors report	Zero Rated	12.60	12.78	1.50%
Site allocations and generic development control policies DPD preferred options	Zero Rated	72.55	73.64	1.50%
Site allocations and development management policies DPD pre-submission version	Zero Rated	72.55	73.64	1.50%
Hinckley Town Centre area action plan (March 2011) plus sustainability appraisal	Zero Rated	27.35	27.76	1.50%
Earl Shilton and Barwell area action plan preferred option (January 2011) plus sustainability appraisal	Zero Rated	33.70	34.21	1.50%
Earl Shilton and Barwell area action plan pre-submission version (July 2013) plus sustainability appraisal	Zero Rated	33.70	34.21	1.50%
Earl Shilton and Barwell area action plan (September 2014) plus sustainability appraisal	Zero Rated	33.70	34.21	1.50%
Earl Shilton and Barwell area action plan inspectors report	Zero Rated	12.60	12.78	1.50%
Local plan review scope, issues and options consultation document (2018)	Zero Rated	12.60	12.78	1.50%
Local plan review new directions for growth consultation document (2019)	Zero Rated	12.60	12.78	1.50%
Sustainability appraisal scoping report (2017)	Zero Rated	12.60	12.78	1.50%
Village design statements (various)	Zero Rated	12.60	12.78	1.50%
Neighbourhood plans (various)	Zero Rated	33.70	34.21	1.50%
The good design guide SPD**	Zero Rated	45.20	45.88	1.50%
Hinckley town centre public realm masterplan**	Zero Rated	45.20	45.88	1.50%
<b>Other documents</b>				
Employment land and premises study	Zero Rated	33.70	34.21	1.50%
Leicester & Leicestershire employment land study	Zero Rated	33.70	34.21	1.50%
Green infrastructure study	Zero Rated	33.70	34.21	1.50%
Strategic flood risk assessment	Zero Rated	33.70	34.21	1.50%
Biodiversity assessment	Zero Rated	28.40	28.83	1.50%
Areas of separation review (March 2012)	Zero Rated	22.10	22.43	1.50%
District, local and neighbourhood centre review	Zero Rated	12.60	12.78	1.50%
Green wedge review (Hinckley urban area or Rothley Brook)	Zero Rated	22.10	22.43	1.50%
Green wedge allocations topic paper (July 2012) assessment of new areas	Zero Rated	22.10	22.43	1.50%
Open space study	Zero Rated	45.20	45.88	1.50%
Community facilities review**	Zero Rated	22.10	22.43	1.50%
Settlement hierarchy review**	Zero Rated	22.10	22.43	1.50%
Gypsy & traveller accommodation needs assessment	Zero Rated	22.10	22.43	1.50%
Extended phase 1 habitat survey	Zero Rated	45.20	45.88	1.50%
Strategic housing land availability assessment	Zero Rated	11.55	11.72	1.50%
Renewable energy capacity study	Zero Rated	33.70	34.21	1.50%
Housing and economic development needs assessment	Zero Rated	42.10	42.73	1.50%
Landscape character assessment and landscape sensitivity analysis	Zero Rated	67.10	68.11	1.50%
Town and district centre study	Zero Rated	67.10	68.11	1.50%
Strategic housing and employment land availability assessment (SHELAA)	Zero Rated	11.55	11.72	1.50%
Car parking assessment of Hinckley town centre	Zero Rated	31.55	32.02	1.50%
Playing pitch strategy	Zero Rated	33.70	34.21	1.50%
Housing needs study	Zero Rated	33.70	34.21	1.50%
Infrastructure capacity study**	Zero Rated	67.10	68.11	1.50%
Agricultural land study**	Zero Rated	33.70	34.21	1.50%
LLITM transport modelling**	Zero Rated	45.20	45.88	1.50%
Indoor sports facilities	Zero Rated	33.70	34.21	1.50%
<b>Economic regeneration</b>				
Hinckley & Bosworth economic regeneration strategy (2021 - 2025)	Zero Rated	12.60	12.78	1.50%
<b>Conservation</b>				
Conservation area appraisals (various)	Zero Rated	12.60	12.79	1.50%
Heritage strategy and action plan	Zero Rated	33.70	34.21	1.50%

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

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

**Note:** - \*\*Emerging evidence base studies, not finalised as yet but will be available in 2020/21 year

Category	VAT	2020/21 £	2021/22 £	% increase
<b>Street naming and numbering</b>				
Renaming/renumbering of exisiting property	Non-business	£45 each	£45 each	-
Naming/numbering of one to five properties	Non-business	£45 each	£45 each	-
Naming/numbering of more than five properties	Non-business	£25 each additional	£25 each additional	-
Naming of a street	Non-business	£160 each	£160 each	-
Change to a development after notification (administartion fee)	Non-business	56.00	56.00	-
Change to a development after notification	Non-business	£20 per plot	£20 per plot	-
Street re-naming at residents request	Non-business	260.00	260.00	-
Written confirmation of postal address details	Non-business	30.00	30.00	-
Numbering of new flat complex	Non-business	£30 per flat	£30 per flat	-



Category	VAT	2020/21 £	2021/22 £	% increase
<b>Register of electors – statutory fees</b>				
Purchase of register in data format (per request)	Standard Rated	20.00	20.00	-
(per 1000 or part there of)	Standard Rated	1.50	1.50	-
Purchase of register in printed format (per request)	Zero Rated	10.00	10.00	-
(per 1000 or part there of)	Zero Rated	5.00	5.00	-
Purchase of the (printed) marked register per request	Zero Rated	10.00	10.00	-
(per 1000 or part there of - data format)	Zero Rated	1.00	1.00	-
(per 1000 or part there of - paper format)	Zero Rated	2.00	2.00	-
<b>Reprographic charges</b>				
Photocopies for members of staff and parish councils				
A4 per sheet – black and white	Standard Rated	4p / copy	4p / copy	-
A4 per sheet – colour	Standard Rated	7p / copy	7p / copy	-
A3 per sheet – black and white	Standard Rated	8p / copy	8p / copy	-
A3 per sheet – colour	Standard Rated	14p / copy	14p / copy	-
<b>Miscellaneous</b>				
Agendas per copy				
Council	Zero Rated	5.40	11.00	103.70%
Planning	Zero Rated	11.00	11.00	-
Other committees	Zero Rated	5.40	5.40	-
Photocopies of parts of reports and other documents				
1 copy A4	Standard Rated	0.10	0.10	-
1 copy A3	Standard Rated	0.20	0.20	-
Mortgage questionnaire	Zero Rated	92.70	92.70	-
Sealing fee for mortgages (redemption)	Zero Rated	82.00	82.00	-
<b>Published statement of accounts</b>				
	Zero Rated	£11 + p&p	£11 + p&p	-

Category	VAT	2020/21 £	2020/21 £	2021/22 £	2021/22 £	% increase
<b>Legal services</b>						
<b>Miscellaneous agreements</b>						
Retrospective consent (ex council properties)	Zero Rated	120.00		130.00		8.33%
Recharge of legal costs for Section 106 Agreements or unilateral undertakings	Non-Business	At cost minimum fee £2,000		At cost minimum fee £2,000		-
S106 Agreement shortform unilateral undertaking	Non-Business	At cost minimum fee £250		At cost minimum fee £350		40.00%
Variation of S106 agreement or unilateral undertakings	Non-Business	At cost minimum fee £534		At cost minimum fee £750		40.45%
Preparation of lease for industrial unit / shop (includes lease renewal)	Exempt	290.00		300.00		3.45%
Preparation of lease for Greenfields / Atkins (incl lease renewal)	Exempt	290.00		300.00		3.45%
Preparation of lease for Crescent Estate	Exempt			350.00		-
Preparation of non standard lease	Exempt	At cost minimum fee £480		At cost minimum fee £490		2.08%
Sitting out license	Exempt			250.00		
License to occupy	Exempt			250.00		
Preparation of deed of licence / variation of a term of lease	Exempt	250.00		250.00		-
Surrender of lease	Exempt	390.00		390.00		-
Licence to assign	Exempt	390.00		390.00		-
Recharge of costs for sale / purchase of land	Exempt	At cost minimum fee £401		At cost minimum fee £410		2.24%
Preparation of a deed of release of a restrictive covenant	Standard Rated	250.00		260.00		4.00%
Open space land adoption	Exempt	At cost minimum fee £775		At cost minimum fee £800		3.23%
Data protection subject to access request (statutory maximum)	Non-Business	10.00		10.00		-
Deed of dedication	Non-Business	300.00		300.00		-
Deed of rectification (nil charge if council in error)	Standard Rated	280.00		280.00		-
Right of way (standard easement)	Non-Business	220.00		250.00		13.64%
Retrospective consent (RTB properties)	Non-Business	120.00		120.00		-
Postponement of charge (RTB properties)	Non-Business	120.00		120.00		-
Licence authorising change of use	Non-Business	243.00		243.00		-
Grazing licences	Zero Rated	120.00		120.00		-
Deed of variation of leases	Standard Rated	350.00		350.00		-
JCT minor works contract	Non-Business	109.00		109.00		-
Sealing fee	Non-Business	20.75		20.75		-
Leasehold of Landlord	Standard Rated	80.00		80.00		-
Notice fee (Notice of Assignment/Mortgage)	Standard Rated	50.00		50.00		-
<b>Charge for diversion / extinguishment of public rights of way</b>						
		<b>FIRST PATH</b>	<b>EACH ADD.</b>	<b>FIRST PATH</b>	<b>EACH ADD.</b>	
Stage 1 (preliminary consultation)	Non-Business	880.00	260.00	880.00	260.00	-
Stage 2 (making order)	Non-Business	352.00	103.50	352.00	103.50	-
Stage 3 (submission to secretary of state where order opposed)	Non-Business	413.00	103.50	413.00	103.50	-
Stage 4 (confirmation of order)	Non-Business	207.00	61.50	207.00	61.50	-

**Note:** - No payment to be made until completion of Stage 2 (or such earlier stage if the matter proceeds no further) and, thereafter, at every appropriate subsequent stage

<b>Temporary Road Closures</b>	Non-Business	175.00		175.00		-
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## **Hinckley & Bosworth Borough Council**

### **Town and Country Planning Fees Applications - scale of fees**

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

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

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

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

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

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

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

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

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

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

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

## Concessions

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

### Exemptions from payment

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

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

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

Listed Building Consent

Planning permission for relevant demolition in a Conservation Area

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

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

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

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

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

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

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

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

### Exemptions from payment continued...

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

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

Prior Approval for a Proposed Larger Home Extension

### Reduction to payments

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

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

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

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

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

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

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

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

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



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	4 February 2021
Council	23 February 2021

Wards affected: All

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### Capital Programme 2020-21 to 2023-24 and Capital Strategy

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Report of Head of Finance

#### 1. Purpose of report

- 1.1 To seek approval of the Capital Strategy & Capital Programme for the years 2020/2021 – 2023/2024.

#### 2. Recommendation

- 2.1 The Capital Strategy is approved.
- 2.2 That Council approve the proposed Capital Programme for the years 2020/2021 – 2023/2024.
- 2.3 That Council approve the growth bids and savings detailed in section 3.30 and 3.34 of this report

#### 3. Background to the report

##### Capital Strategy

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

- Underlying issues of how such investments are financed and setting aside a borrowing provision & due diligence.

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

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

### **Capital Programme**

- 3.5 Capital expenditure is 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. The Capital Strategy looks at the longer terms risks associated with capital expenditure and governance arrangements.
- 3.6 Any plans for capital expenditure must be financed through an approved method of funding. The main streams of such financing are summarised in paragraph 3.22:-
- 3.7 The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets. At the same time, the Programme is an integral element of the financial planning procedures of the Council and forecasts how the Council will deliver key projects affordably and within relevant Prudential Limits. The Programme should therefore be read in conjunction with these documents, alongside the Council's Corporate Asset Management Strategy and Housing Revenue Account Investment Plan.
- 3.8 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.9 The overall Capital Programme for 2020/2021 – 2023/2024 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

## **CAPITAL STRATEGY**

### **Capital Expenditure**

- 3.10 Primary legislation regarding capital finance is included in The Local Government Act 2003. The act refers to the following types of expenditure that fall under the capital financing regime.
  - "expenditure of the authority which falls to be capitalised in accordance with proper practices" (i.e. the creation of an asset that has a useful life of more than one year).
  - Expenditure under regulation prescribed by the Secretary of State which can or can't be treated as capital expenditure.



- 3.11 The Council's definitions of the capital programme are included within Section 7 of the financial procedure rules. An extract is provided below:-

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

*An enhancement is defined as:*

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

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

#### General Fund Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	<b>COST</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Expenditure					
<b>Corporate &amp; Support Services</b>	870	116	619	85	50
<b>Community Services</b>	5,127	1,322	2,179	813	813
<b>Environmental and Planning</b>	11,651	2,201	7,251	1,428	771
<b>Total Capital Expenditure</b>	17,648	3,639	10,049	2,326	1,634
Financing					
<b>Capital Receipts</b>	4,520	536	3,070	451	463
<b>External Contributions</b>	5,901	1,271	2,740	1,161	729
<b>Borrowing GF</b>	5,063	773	3,194	684	412
<b>Contribution from reserves GF</b>	2,164	1,059	1,045	30	30
<b>Total Financing</b>	17,648	3,639	10,049	2,326	1,634

#### HRA Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	<b>COST</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Expenditure					
<b>HRA</b>	20,548	4,962	5,759	5,393	4,434
<b>Service Investment</b>	212	102	50	30	30

<b>Affordable Housing</b>	4,759	4,440	319	0	0
<b>Total Capital Expenditure</b>	25,519	9,504	6,128	5,423	4,464
Financing					
<b>Major Repairs Reserve</b>	12,036	3,009	3,009	3,009	3,009
<b>Regeneration Reserve</b>	9,722	4,345	2,068	1,884	1,425
<b>Earmarked Reserves</b>	120	30	30	30	30
<b>Grants</b>	1,200	900	300	0	0
<b>Capital Receipts</b>	2,441	1,220	721	500	0
<b>Total Financing</b>	25,519	9,504	6,128	5,423	4,464

### **Capital Project Planning & Approval Framework.**

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

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

Officer recommendations are reported to Scrutiny Committee before presentation at Council in February.

- 3.14 Any additional bids that are agreed by SLT during the financial year are approved in accordance with financial procedure rules.
- 3.15 SLT will monitor progress and review the capital programme in order to ensure that the council's corporate objectives are being met and that there is consistency between the capital programme and the corporate plan.

### **Governance Arrangements**

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

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

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

### **Longer Term Financial Planning**

- 3.18 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. An innovation and enterprise board has been set up which look at various potential opportunities that may arise. Within the existing capital programme the Crematorium scheme once completed will help to underpin the general fund resources by generating cost reductions and or a net income.

In the longer term the Council's vehicle fleet will need replacing (5 years for light vehicles and 7 years for Heavy vehicles). A decision will need to be made whether funds are set aside in preparation to fund the scheme. The Council will also have to set aside funds to ensure that parks, play areas, commercial units and corporate assets are maintained at a decent standard. A building maintenance reserve has been set aside to fund such developments.

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

	<b>21-22 Budget £000's</b>
Enhancement & Improvement Works	125
Grants	1,125
Parks	36
Property, Plant and Equipment	140
<b>Total</b>	<b>1,426</b>

- 3.20 Resources are needed to ensure that this level of support can be maintained and new commitments can be funded. In essence if no reserves or external funding is available, the cost of the capital programme is met by borrowing, the costs of which are charged to the revenue account through Minimum Revenue Provision (principal repayment of debt funding) and any interest cost if actual borrowing has taken place.
- 3.21 The HRA Capital Programme is primarily based on the 30 year Business Plan that was approved by Council in November 2018. Apart from the enhancement of current stock, the creation of 24 units at Ambion Court and the purchase of 12 new properties on Middlefield Lane are proposed.

## **Capital Funding**

3.22 The following areas of funding are available to fund the programme.

- Government Grants – Typically these are received to enable Councils to focus resources on central government priorities. e.g. disabled facilities grant. The grants have conditions attached so spending has to focus on the area concerned and will normally only be given if a Council can also commit its own resources.
- Contributions and other grants Government Grants – Typically these are similar to government grants. Expenditure will be limited to those set out in the conditions of the grant or legal contracts and may require a level of match funding by the local authority.
- Earmarked Reserves – Capital Expenditure can also be funded through the Council's earmarked reserves. Typically these reserves are used to fund specific schemes or used for match funding to support partly funded projects. These reserves are reported as part of the MTFS and the revenue budget reports.
- Capital Receipts – These balances are the net sales proceeds that the Council can use to fund future capital projects. Part of the proceeds from the sale of Council Dwellings have to be earmarked for the increase in affordable housing supply.
- Direct Revenue Financing – This is where the General Fund or HRA Balance is used to fund projects. Due to pressures on the revenue budget this is only used occasionally. Typically this will arise when additional funding is received which can be used to fund either revenue or capital expenditure, or where specific underspends are used to part finance a capital project.
- Borrowing – the Council is permitted to set within its "Prudential Indicators" a level of borrowing that can be obtained to fund capital expenditure. The Council must be satisfied that this borrowing is used to fund projects that are prudent, sustainable and affordable

## **Borrowing**

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

## **Asset Management Overview**

- 3.26 The Council's asset management plan is currently being reviewed. The key strategic objectives of the plan are:

Provide opportunities for increasing the commercial estate and accommodation for “business start ups”.

Promoting new affordable Housing for rent and delivering Council House new build & affordable housing schemes.

To complete the Crematorium Project.

Disposal of surplus land & buildings that have no operational uses.

Maximise efficiency through co-location and improved conference facilities.

All of the Councils property portfolio except Housing properties are undergoing an “Asset Challenge”. This process looks at each property in turn and assesses its condition, reason for holding the asset and its suitability. Each Asset scores a total and the portfolio is then ranked providing direction on where future investment may be required to improve or maintain existing assets or conversely inform a disposal strategy.”

### **Commercial Activity & Non Treasury investments**

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

Major commercial activity through the use of council assets are listed below:-

<b>Activity</b>	<b>Value £000's</b>	<b>Due Diligence</b>
<b>Leisure Centre Management Fee</b>	£921	This is a fixed Fee based on a design build operate and maintain contract. The fee is payable regardless of the value of fees collected by the Leisure Provider. Due diligence was undertaken at pre contract stage with detailed financial checks, references and off site meets at centres where the provider has successfully implemented such schemes.
<b>Hinckley Hub</b>	£506	The partners occupy the premises on a Licence agreement. Each agreement has contractual provisions for uplift of rent.
<b>Commercial Estates Income</b>	£863	Before award of the lease, a financial check is undertaken and trading references are also taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
<b>Car Parking</b>	£609	Income is monitored on a monthly basis and changes to the fee base are subject to Council Approval.
<b>Block C</b>	£328	Before award of the lease, a financial check is undertaken and trading references are also

		taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
<b>Crematorium</b>	£133	Estimated income based on facility being operational by 1 February 2022
<b>New projects</b>		At feasibility stage key risks are identified and any potential on going costs, value on ongoing returns. Financial procedure rules.

### **Knowledge & Skills - Capital Projects**

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

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

These officers have experience of:-

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

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

## **CAPITAL PROGRAMME**

### **Proposed Capital Programme - General Fund**

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

- Green Spaces Delivery Plan
- Rural Community assistance through the Parish & Community Initiatives Fund.
- Crematorium Scheme funding has been updated to reflect the change in funding.
- Heritage Action Zone.

### **3.30 New Schemes**

#### **Performance Management System**

The current performance and risk management software (TEN System) used by the Council is an old system for which support is no longer available from the provider. Use of a performance and risk management system maximises the council's efficiency. A replacement system is required to replace the existing system to effectively meet these objectives.

	Total	2021/22	2022-23	2023-24	2024-25
	£	£	£	£	£
<b>Total Cost (all HBBC)</b>	<b>24,736</b>	<b>24,736</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Office365 Consultancy Support

This project is to enable Office365 to be successfully deployed into HBBC

	Total	2020/21	2021/22
	£	£	£
<b>Total Cost (All HBBC)</b>	<b>56,014</b>	<b>0</b>	<b>56,014</b>

#### Moat Improvement Scheme

Scheme developed following detailed condition survey of the Argents Mead moat and proposed refurbishment works and based upon the current condition.

	Total	2020/21	2021/22
	£	£	£
<b>Total Cost</b>	<b>153,500</b>	<b>3,045</b>	<b>150,455</b>
Section 106 Contributions	(29,040)	(3,045)	(25,995)
Transfer from Parks – Major Works budget	(20,000)	0	(20,000)
<b>HBBC Element</b>	<b>124,460</b>	<b>0</b>	<b>124,460</b>

#### ICT Transitional Costs

A proposal for the insourced service model provides enhance service quality whilst being broadly in line with existing levels of service investment.. These costs are one off implementation costs that will be shared by the partners based on their IT usage.

	Total	2020/21	2021/22
	£	£	£
<b>Total Cost</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
External Contributions	106,636	0	<b>106,636</b>
<b>HBBC Element</b>	<b>93,364</b>	<b>0</b>	<b>93,364</b>

#### Electric Charging Points

Increasing capacity for electric charging points. This bid enables the Council to potentially bid for additional OLEV and other funding in year.

	Total	2020/21	2021/22
	£	£	£
<b>Total Cost</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>
External Contributions	(225,000)	0	225,000
<b>HBBC Element</b>	<b>(75,000)</b>	<b>0</b>	<b>(75,000)</b>

### Enterprize Zone

There is a potential of lending the Enterprize Zone an additional £4million to £5million this will enable further regeneration of the zone. Interest will be charged at a commercial rate and repayment will be expected within a 4 to 5 year period. If this lending is to take place a further report will be presented to the Council setting out the legal risks and the payback period of the loan.

### Savings

The following savings have been identified and reflected in the programme

	2020/21 £000's	2021/22 £000's	2022/23 £000's	
<b>Renovation Assistance (Major Works)</b>	(137)	(30)	(30)	Reduction in year requirement based on demand.
<b>Disabled Facilities Grants</b>	(200)	0	0	Reduction in year requirement based on demand
<b>Parks – Major works</b>	0	(20)	0	Moved to Moat Improvement Scheme
<b>Minor Works Grants</b>	(15)	(10)	(10)	Reduction in year based on demand
<b>Other Variations</b>	0	4	3	Other Variations
<b>Total</b>	<b>(352)</b>	<b>(64)</b>	<b>(37)</b>	

### Schemes Re-phased

The following schemes have been rephrased as set out below:

	2020/21 £000's	2021/22 £000's	2022/23 £000's	
Making Tax Digital	(12)	12	0	Project re-phased due to software changes.
Heritage Action Zone	(130)	(124)	258	Re-phasing of budget
Green Spaces Delivery Plan	(408)	408	0	Rephasing of budget



Electric Charging Points	23	0	0	In year additional costs based on funding application. All 20/21 costs are externally funded through grant or developer contributions.
Countywide Hoarding Project	(165)	165	0	re-phased based on contractual commitments
Server/Network Hardware Improvements	0	44	(25)	Additional Service improvements to ensure current service level can be maintained.
Disabled Facilities Grants	(150)	150	0	re-phased based on contractual commitments
Data Centre Upgrade	0	137	(35)	Additional Service improvements to ensure current service level can be maintained.
Sports Development Fund	(10)	10	0	Re-phasing of budget
Bosworth 1485 Sculpture Trail Project	(186)	622	0	From the £622k, £186 is rephasing of the scheme. The £436k increase due to the Council is being the lead in the element of the project. The £436k will be reimbursed by LLEP so there is no overall change.
CCTV Upgrade	(119)	119	0	Re-phasing of budget
New Crematorium	(3,803)	5,480	196	re-phasing of approved budget
<b>Total</b>	<b>(4,960)</b>	<b>7,023</b>	<b>394</b>	

### **Existing schemes**

3.31 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:

- Hinckley Area Community Initiatives grant (funded from the Special Expenses Reserves).
- Green Space strategy schemes have been re-profiled based on anticipated developer receipts and grant funding. HAC has reviewed and endorsed these schemes. These schemes are funded by SEA reserves or be external

contributions. There is no General Fund capital funding earmarked for these schemes.

- The Crematorium scheme has been reprofiled to reflect the latest expenditure profile

### **Proposed Capital Programme - Housing Revenue Account**

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

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

#### **Stock Enhancement/Investment**

3.33 £20,548,121 of investment has been proposed over the life of the HRA Programme into existing stock. The sequence of these works is based on the outputs from the Asset Management System which is informed by the most recent stock condition survey.

Additionally, an investment opportunity has arisen via MHCLG's Green Home Funding Scheme to draw down on £560,000 of funding for energy efficiency upgrade to low EPC rated properties. To take advantage of these measures the Council would have to put in 33 per cent match funding of £280,000. Further work is being undertaken to detail the type of work that would be undertaken. Typically measures may include thermal wrapping, PVC glazing and new heating systems. Members are therefore requested to endorse the bid. Members will be updated when further detail is known, but work will have to commence as soon as funding is obtained.

#### **Affordable Housing**

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

- Ambion Court - situated in Southfield Way near the centre of the village of Market Bosworth. The old building contained 25 studio flats and four 1 bedroomed flats and a 3 bedroomed warden's flat. The new scheme upgraded scheme will have 24 flats each with their own on-suite facilities.

#### **Financing**

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

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

- Grant Funding & External Contributions.
- Use of Right to Buy “Capital Receipts” obtained from the sale of HRA properties

### Funding Implications

- 3.36 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

- 3.37 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. It is estimated that £3.235m will be used in 2020/21 to reduce the Council’s overall borrowing position. Failure to pay of this debt will result in an additional MRP cost chargeable to the general fund from 2020/21 onwards. These costs have been allowed for within the MTFS. At the end of 2023/24 there will be an estimated £3.85m in the reserve.

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
<b>Opening Balance</b>	<b>(9,089)</b>	<b>(6,023)</b>	<b>(3,057)</b>	<b>(2,931)</b>
In Year Receipts	(1,925)	(825)	(825)	(825)
Repayment of Debt Leisure Centre	3,235	0	0	0
In Year Application	1,291	1,796	951	463
In Year Application Crem	465	1,995	0	0
<b>Closing Balance</b>	<b>(6,023)</b>	<b>(3,057)</b>	<b>(2,931)</b>	<b>(3,293)</b>

- 3.38 Receipts assumptions are based on the following:

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Right to Buys	(750)	(750)	(750)	(750)
Misc. Sales	(75)	(75)	(75)	(75)
Former Leisure Centre Site	(1,100)	0	0	0
<b>Total Receipts</b>	<b>(1,925)</b>	<b>(825)</b>	<b>(825)</b>	<b>(825)</b>

### Borrowing

- 3.39 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.
- 3.40 The Council has loans of £67,652,000 within the Housing Revenue Account relating to the self-financing settlement. These started being repaid from March 2020.

- 3.41 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:

	2021/22 £	2022/23 £	2023/24 £
<b>Interest</b>	28,880	35,000	9,000
<b>MRP</b>	17,040	28,338	19,570
<b>Total</b>	<b>45,920</b>	<b>63,338</b>	<b>28,570</b>

- 3.42 Further details of the Council's borrowing limits and indicators will be outlined in the 2021/2022 Treasury Management Policy.

#### Use of Reserves

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

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
<b>ICT reserve</b>	15	30	15	15
<b>Developing Communities Fund</b>	528	0	0	0
<b>Waste Management Reserve</b>	15	15	15	15
<b>Business Rates (Pilot) HAZ Funding</b>	6	41	55	18
<b>Total General Fund</b>	<b>356</b>	<b>436</b>	<b>81</b>	<b>59</b>

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

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

- 4.1 Report taken in open session.

#### **5. Financial implications [IB]**

- 5.1 Contained in the body of the report

#### **6. Legal implications [MR]**

- 6.1 The Local Government Act 2003 set out a framework for the financing of capital investments in Local Authorities

- 6.2 The Council is legally required to set a balanced 3 year capital programme.

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

## **7. Corporate Plan implications**

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

## **8. Consultation**

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

## **9. Risk implications**

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

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

## **10. Knowing your community – equality and rural implications**

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

## **11. Climate implications**

11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

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

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

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*General Fund Summary*


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**CAPITAL ESTIMATES 2020/2021 to 2023/2024**

	<b>TOTAL COST</b>	<b>ESTIMATE 2020/21</b>	<b>ESTIMATE 2021/22</b>	<b>ESTIMATE 2022/23</b>	<b>ESTIMATE 2023/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>					
Corporate & Support Services	736,897	95,783	506,114	85,000	50,000
Community Services	1,705,940	292,020	667,920	373,000	373,000
Environmental and Planning	9,303,514	1,979,299	6,134,713	707,832	481,670
<b>Expenditure Total</b>	<b>11,746,351</b>	<b>2,367,102</b>	<b>7,308,747</b>	<b>1,165,832</b>	<b>904,670</b>
<b>Financing</b>					
<b>General Financing</b>					
Capital Receipts	2,060,302	71,382	1,075,294	450,956	462,670
Borrowing GF	2,382,526	772,829	708,453	489,244	412,000
Contribution from reserves GF	662,891	557,891	45,000	30,000	30,000
<b>Crematorium</b>					
Capital Receipt	2,460,304	465,000	1,995,304	0	
Borrowing	2,680,328		2,484,696	195,632	
Reserves	1,500,000	500,000	1,000,000	0	
<b>Financing Total</b>	<b>11,746,351</b>	<b>2,367,102</b>	<b>7,308,747</b>	<b>1,165,832</b>	<b>904,670</b>

## Community Services

	TOTAL COST £	ESTIMATE 2020/21 £	ESTIMATE 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £
<b>Home Connections - IT Systems</b>					
Total Annual Expenditure	4,560	4,560	0	0	0
Less Government Grant	0	0	0	0	0
HBBC ELEMENT	<b>4,560</b>	<b>4,560</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Renovation Assistance (Major Works)</b>					
Total Annual Expenditure(ALL HBBC)	<b>500,000</b>	<b>110,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>Home Improvement Assistance (Minor Works)</b>					
Total Annual Expenditure(ALL HBBC)	<b>155,000</b>	<b>35,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Private Sector Housing Enforcement</b>					
Total Annual Expenditure	200,000	100,000	100,000		
Less Government Grant	(200,000)	(100,000)	(100,000)		
HBBC ELEMENT	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Countywide Hoarding Project</b>					
Total Annual Expenditure	315,000	150,000	165,000	0	0
Less Government Grant	(315,000)	(150,000)	(165,000)	0	0
HBBC ELEMENT	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Disabled Facilities Grants</b>					
Total Annual Expenditure	2,529,651	451,611	792,680	642,680	642,680
Less Government Grant	(1,892,061)	(423,021)	(589,680)	(439,680)	(439,680)
HBBC ELEMENT	<b>637,590</b>	<b>28,590</b>	<b>203,000</b>	<b>203,000</b>	<b>203,000</b>
<b>Fuel Poverty and Green Deal Programme</b>					
Total Annual Expenditure	177,644	177,644			
Less Government Grant	(177,644)	(177,644)			
HBBC ELEMENT	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hinckley Market infra-structure investment project</b>					
Total Annual Expenditure(ALL HBBC)	<b>7,920</b>	<b>7,920</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sports Facility Improvement Fund</b>					
Total Cost	400,000	190,000	210,000		
Less: Football Foundation Grant Monies	(250,000)	(125,000)	(125,000)		
Less: Section 106 Contributions	(50,000)	(25,000)	(25,000)		
Less Private Contributions	(60,000)	(30,000)	(30,000)		
HBBC ELEMENT	<b>40,000</b>	<b>10,000</b>	<b>30,000</b>	<b>0</b>	<b>0</b>
<b>Bosworth 1485 Sculpture Trail Project</b>					
Total Cost	686,870	64,700	622,170		
LLEP contributions	(436,000)	0	(436,000)		
Total Annual Expenditure(ALL HBBC)	<b>250,870</b>	<b>64,700</b>	<b>186,170</b>	<b>0</b>	<b>0</b>
<b>CCTV Upgrade</b>					
Total Annual Expenditure	<b>150,000</b>	<b>31,250</b>	<b>118,750</b>		
Contributions	<b>(40,000)</b>	<b>0</b>	<b>(40,000)</b>		
HBBC Element	<b>110,000</b>	<b>31,250</b>	<b>78,750</b>	<b>0</b>	<b>0</b>
<b>TOTAL GROSS EXPENDITURE</b>	5,126,645	1,322,685	2,178,600	812,680	812,680
<b>LESS TOTAL CONTRIBUTIONS</b>	(3,420,705)	(1,030,665)	(1,510,680)	(439,680)	(439,680)
<b>TOTAL HBBC ELEMENT</b>	<b>1,705,940</b>	<b>292,020</b>	<b>667,920</b>	<b>373,000</b>	<b>373,000</b>



	TOTAL COST £	ESTIMATE 2020/21 £	ESTIMATE 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £
<b>Asset Management Enhancements</b>					
Total Annual Expenditure(ALL HBBC)	200,000	50,000	50,000	50,000	50,000
<b>Making Tax Digital</b>					
Total Annual Expenditure(ALL HBBC)	12,000	0	12,000	0	0
<b>General Renewals</b>					
Total Annual Expenditure(ALL HBBC)	45,000	15,000	15,000	15,000	0
<b>Server/Network Hardware</b>					
Total Cost	69,500	0	69,500	0	0
Revs and Bens Partnership Contribution	(6,500)	0	(6,500)	0	0
HBBC Element	63,000	0	63,000	0	0
<b>Office365 Consultancy Support</b>					
Total Annual Expenditure(ALL HBBC)	56,014	0	56,014	0	0
<b>Data Centre Upgrade</b>					
Total Cost	172,000		172,000		
Contributions	0		0		
HBBC Element	172,000	0	172,000	0	0
<b>Mobile Working Devices</b>					
Total Cost	40,000	40,000	0	0	0
Revs and Bens Partnership Contribution	(20,000)	(20,000)	0	0	0
HBBC Element	20,000	20,000	0	0	0
Total Annual Expenditure(ALL HBBC)	0	0	0	0	0
<b>Health &amp; Safety Jubilee/Other Works</b>					
Total Annual Expenditure(ALL HBBC)	50,783	10,783	20,000	20,000	0
<b>New Performance Management System</b>					
Total Annual Expenditure(ALL HBBC)	24,736	0	24,736		0
ICT Transitional Costs	200,000	0	200,000	0	0
External Contributions	(106,636)	0	(106,636)	0	0
Total Annual Expenditure(ALL HBBC)	93,364	0	93,364	0	0
<b>TOTAL GROSS EXPENDITURE</b>	910,033	115,783	619,250	85,000	50,000
<b>LESS TOTAL CONTRIBUTIONS</b>	(133,136)	(20,000)	(113,136)	0	0
<b>TOTAL HBBC ELEMENT</b>	776,897	95,783	506,114	85,000	50,000

	TOTAL COST £	ESTIMATE 2020/21 £	ESTIMATE 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £
<b>Parks Major works</b>					
Total Annual Expenditure(ALL HBBC)	100,000	30,000	10,000	30,000	30,000
<b>Tracking System</b>					
Total Annual Expenditure(ALL HBBC)	56,000	14,000	14,000	14,000	14,000
<b>Memorial Safety Programme</b>					
Total Annual Expenditure(ALL HBBC)	24,120	5,790	5,950	6,110	6,270
Special Expenses Area Reserves	(24,120)	(5,790)	(5,950)	(6,110)	(6,270)
HBBC ELEMENT	0	0	0	0	0
<b>Waste Management Receptacles</b>					
Total Annual Expenditure(ALL HBBC)	457,873	100,420	110,453	120,000	127,000
<b>Davenport Rd and Hays Lane imps</b>					
Total Annual Expenditure(ALL HBBC)	13,850	13,850	0	0	0
<b>Green Spaces Delivery Plan</b>					
Total Annual Expenditure	468,492	59,975	408,517	0	0
Less Section 106 contributions	(391,012)	(59,975)	(331,037)	0	0
Less other private contributions	(77,480)		(77,480)	0	0
HBBC ELEMENT	0	0	0	0	0
<b>Borough Improvements</b>					
Total Annual Expenditure	204,300	54,300	50,000	50,000	50,000
Less Private contribution	(60,000)	(15,000)	(15,000)	(15,000)	(15,000)
HBBC Element	144,300	39,300	35,000	35,000	35,000
<b>Car Park Improvements</b>					
Total Annual Expenditure	347,148	122,148	75,000	75,000	75,000
HBBC Element	347,148	122,148	75,000	75,000	75,000
<b>Barwell Shop Front Improvements</b>					
Total Annual Expenditure	3,090	3,090	0	0	0
Less Private contribution	0	0	0	0	0
HBBC Element	3,090	3,090	0	0	0
<b>New Crematorium</b>					
Total Annual Expenditure (ALL HBBC)	6,640,632	965,000	5,480,000	195,632	0
<b>Earl Shilton Shop Front</b>					
Total Annual Expenditure	20,000	20,000	0	0	0
Less Private contribution	(10,000)	(10,000)	0	0	0
Total Annual Expenditure (ALL HBBC)	10,000	10,000	0	0	0
<b>Parish &amp; Community Initiatives Grants</b>					
Total Annual Expenditure(ALL HBBC)	600,000	150,000	150,000	150,000	150,000
<b>Hinckley Community Initiatives Fund</b>					
Total Annual Expenditure	47,127	11,127	12,000	12,000	12,000
Special Expenses Area Reserves	(47,127)	(11,127)	(12,000)	(12,000)	(12,000)
HBBC Element	0	0	0	0	0
<b>Community Development Fund</b>					
Total Annual Expenditure(ALL HBBC)	527,891	527,891	0	0	0
<b>Heritage Action Zone</b>					
Total Annual Expenditure	1,589,000	23,000	484,000	775,500	306,500
Special Expenses Area Reserves	(120,000)	(5,600)	(41,000)	(55,200)	(18,200)
Less: Contributions	(1,265,730)	(13,800)	(382,200)	(632,100)	(237,630)
HBBC Element	203,270	3,600	60,800	88,200	50,670
<b>Electric Charging Points</b>					
Total Annual Expenditure	398,000	98,000	300,000		0
Grant Funding	(295,000)	(70,000)	(225,000)		0
S106 Monies	(28,000)	(28,000)	0		0
Total Annual Expenditure (ALL HBBC)	75,000	0	75,000	0	0
<b>Argents Mead - Moat Improvements</b>					
Total Annual Expenditure	153,500	3,045	150,455		
Less Section 106 contributions	-29,040	(3,045)	(25,995)		
Total Annual Expenditure (ALL HBBC)	124,460	0	124,460	0	0
<b>TOTAL GROSS EXPENDITURE</b>	11,651,023	2,201,636	7,250,375	1,428,242	770,770
<b>LESS TOTAL CONTRIBUTIONS</b>	(2,347,509)	(222,337)	(1,115,662)	(720,410)	(289,100)
<b>TOTAL HBBC ELEMENT</b>	9,303,514	1,979,299	6,134,713	707,832	481,670

**Housing Revenue Account Capital Programme**

	<b>TOTAL</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Expenditure</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Sheltered Scheme Enhancements	348,934	83,804	97,830	82,820	84,480
Kitchen Improvements	2,760,248	522,568	823,160	700,260	714,260
Boiler and Heating Replacement	2,839,758	723,668	972,960	804,990	338,140
uPVC Door Replacement	180,439	43,159	44,860	45,750	46,670
Electrical Testing / Upgrading	2,404,090	538,430	865,430	530,020	470,210
Programmed Enhancements	1,287,168	263,588	402,750	427,580	193,250
uPVC Window Replacement	284,147	75,217	78,770	68,830	61,330
Re-roofing	2,608,003	752,263	587,930	607,390	660,420
Adaptations for Disabled People	1,326,330	189,760	393,330	367,940	375,300
Major Void Enhancements	2,599,191	579,691	714,520	646,030	658,950
Bathrooms Enhancements	940,039	451,159	202,710	141,670	144,500
Legionella	84,237	31,427	17,260	17,600	17,950
Asbestos	767,438	108,438	232,900	210,940	215,160
Fire Risk Assessments	1,101,609	528,229	253,340	155,300	164,740
Insulation & Wraps	302,510	0	0	302,510	0
Capital Salaries	425,570	0	0	210,680	214,890
Shower Replacement Programme	288,410	70,500	71,560	72,630	73,720
Piper Alarm System	120,000	30,000	30,000	30,000	30,000
Upgrade of Mobile Housing Solution	91,850	71,850	20,000	0	0
Affordable Housing Scheme	150,000	150,000	0	0	0
Ambion Court	3,388,687	3,070,037	318,650	0	0
Middlefield Lane	1,200,000	1,200,000	0	0	0
Martinshaw Lane	20,400	20,400	0	0	0
<b>Expenditure Total</b>	<b>25,519,058</b>	<b>9,504,188</b>	<b>6,127,960</b>	<b>5,422,940</b>	<b>4,463,970</b>
Financing					
Major Repairs Reserve	12,036,000	3,009,000	3,009,000	3,009,000	3,009,000
(Depreciation)					
Regeneration Reserve	9,722,558	4,345,188	2,068,460	1,883,940	1,424,970
Earmarked Reserves - Piper Alarm	120,000	30,000	30,000	30,000	30,000
Grant funding	1,200,000	900,000	300,000	0	0
Capital Receipts	2,440,500	1,220,000	720,500	500,000	0
<b>Financing Total</b>	<b>25,519,058</b>	<b>9,504,188</b>	<b>6,127,960</b>	<b>5,422,940</b>	<b>4,463,970</b>

**Energy Efficiency Programme**

	<b>TOTAL</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>
		<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total Annual Expenditure	840,000		840,000		
External Funding	(560,000)		(560,000)		
HBBC Element	<b>280,000</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>0</b>
Financing					
Regeneration Reserve	280,000	0	280,000	0	0
<b>Financing Total</b>	<b>280,000</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>0</b>

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	4 February 2021
Council	23 February 2021

Wards affected: All

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### **The Prudential Code for Capital Finance In Local Authorities Treasury Management Strategy 2020-21 – 2023-24 and Prudential Indicators 2020-21 – 2023-24**

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Report of Section 151 Officer

#### **1. Purpose of report**

1.1 This report outlines the Council's prudential indicators for 2020/21 - 2023/24 and sets out the expected treasury operations for this period. It fulfils four key requirements:

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

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

- 1.2 Revised reporting is required for the 2020/21 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately. This report should be read in conjunction with the Capital Strategy and the Capital Programme which are both on the Council agenda for the 23rd February 2021. The Capital Strategy deals with investments outside of the remit of standard treasury investments.

## **2. Recommendation**

Members approve:

- 2.1 The Prudential Indicators and Limits for 2020/21 to 2023/24 contained within 3.19 & 3.20 of the report, including the Authorised Limit Prudential Indicator.
- 2.2 The Minimum Revenue Provision (MRP) Statement contained in paragraphs 3.10 & 3.11 which set out the Council's policy on MRP.
- 2.3 The attached report at Appendix 1.

## **3. Background to the report**

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

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

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

CIPFA defines treasury management as:

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

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

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

- 3.3 Capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need. Any decisions by the Council to commit capital expenditure needs to have regard to:

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

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

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

	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
<b>Capital Financing Requirement</b>					
CFR – non housing	36,017	32,260	34,103	33,380	32,340
CFR – housing	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>
<b>Total CFR</b>	<b>106,337</b>	<b>102,580</b>	<b>104,423</b>	<b>103,700</b>	<b>102,660</b>
<b>Movement in CFR</b>					

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	344	773	3,194	685	411
Less MRP/VRP and other financing movements	(1,298)	(4,530)	(1,351)	(1,408)	(1,451)
<b>Movement in CFR</b>	<b>( 954)</b>	<b>(3,757)</b>	<b>1,843</b>	<b>( 723)</b>	<b>(1,040)</b>

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

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

<b>Capital Expenditure</b>	<b>2019/20 Actual £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>	<b>2022/23 Estimate £000</b>	<b>2023/24 Estimate £000</b>
Non-HRA	1,910	3,640	10,047	2,326	1,633
HRA	6,605	9,504	6,968	5,423	4,464
<b>Total</b>	<b>8,515</b>	<b>13,144</b>	<b>17,015</b>	<b>7,749</b>	<b>6,097</b>

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

<b>Financed by:</b>					
Capital receipts	812	1,756	3,791	951	463
Capital grants	758	2,173	3,600	1,160	729
Capital reserves	6,574	8,442	6,430	4,953	4,494
Revenue	27	0	0	0	0
<b>Net financing need for the year</b>	<b>344</b>	<b>773</b>	<b>3,194</b>	<b>685</b>	<b>411</b>

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

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

	<b>2019/20 Actual £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>	<b>2022/23 Estimate £000</b>	<b>2023/24 Estimate £000</b>
<b>Capital Financing Requirement</b>					
CFR - Non Housing	36,017	32,260	34,103	33,380	32,340
CFR – Housing	70,320	70,320	70,320	70,320	70,320
<b>Total CFR</b>	<b>106,337</b>	<b>102,580</b>	<b>104,423</b>	<b>103,700</b>	<b>102,660</b>
<b>Movement in CFR</b>	<b>( 954)</b>	<b>(3,757)</b>	<b>1,843</b>	<b>( 723)</b>	<b>(1,040)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	344	773	3,194	685	411
Less MRP/ VRP and other financing movements	(1,298)	(4,530)	(1,351)	(1,408)	(1,451)
<b>Movement in CFR</b>	<b>( 954)</b>	<b>(3,757)</b>	<b>1,843</b>	<b>( 723)</b>	<b>(1,040)</b>

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



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

**Minimum Revenue Provision (MRP) Policy Statement.**

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

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

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

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

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

**Borrowing (Section 3 of Appendix)**

- 3.12 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is an issue that need to be considered.
- 3.13 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to borrowing. Section 3 of the Appendix details the Councils Borrowing Strategy.

**Core funds and expected investment balances**

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

Table 3

	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Fund balances	20,696	17,854	15,720	15,277	14,910
Capital receipts	9,098	6,023	3,151	3,024	3,386
Provisions	920	920	920	920	920
Grants/Contributions	2,845	2,561	2,305	2,075	1,868
<b>Total Core Funds</b>	<b>33,559</b>	<b>27,358</b>	<b>22,096</b>	<b>21,296</b>	<b>21,084</b>
Working Capital*	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>
Under borrowing	23,759	22,622	24,680	26,709	28,724
Additional Borrowing	0	0	(4,394)	(7,223)	(9,460)
<b>Expected Investments</b>	<b>8,000</b>	<b>2,936</b>	<b>10</b>	<b>10</b>	<b>20</b>

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

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

### Borrowing Strategy

- 3.16 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is an issue that needs to be considered.
- 3.17 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to borrowing. Section 3 of the Appendix details the Councils Borrowing Strategy.
- 3.18 The Council's treasury portfolio position at 31 March 2020, with forward projections are summarised below. The table shows the external debt for capital financing operations.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
<b>External Debt</b>				
Debt at 1 April	82,578	79,958	79,743	76,991
Other Long Term Liabilities	( 452)	( 468)	( 496)	( 525)
Expected change in debt	(2,168)	253	(2,256)	(2,530)
Debt at 31 March	79,958	79,743	76,991	73,936

## Treasury Indicators: limits to borrowing activity

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

Operational boundary	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Debt (Internal and External)	102,580	104,423	103,700	102,660
Total	102,580	104,423	103,700	102,660

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

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

The Council is asked to approve the following authorised limit:

Authorised limit	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
General Fund	35,260	37,103	36,380	35,340
HRA	70,320	70,320	70,320	70,320
Total	105,580	107,423	106,700	105,660

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

HRA Debt Limit	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
HRA debt cap	72.0	72.0	72.0	72.0
HRA CFR	70.3	70.3	70.3	70.3
HRA headroom	1.7	1.7	1.7	1.7

## ANNUAL INVESTMENT STRATEGY (Section 4 of Appendix)

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

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

The investment strategy is detailed in Section 4 of the Appendix. In accordance with guidance above the strategy prioritises security first, portfolio liquidity second and then return (yield). The Council applies minimum acceptable credit criteria in order to

generate a list of highly creditworthy counterparties which also enables spreading of risk. Market information and expert advice is also used to monitor financial markets.

- 3.22 The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are to be used.
- 3.23 Credit rating information is supplied by Link Asset Services our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list
- 3.24 The criteria for providing a pool of high quality investment counterparties is listed in section 4.2 of the Appendix.

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

- 4.1 Report taken in open session.

#### **5. Financial implications [IB]**

- 5.1 Contained in the body of the report

#### **6. Legal implications [MR]**

- 6.1 These are contained in the body of the report

#### **7. Corporate Plan implications**

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

#### **8. Consultation**

- 8.1 None

#### **9. Risk implications**

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

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

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

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

## **10. Knowing your community – equality and rural implications**

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

## **11. Climate implications**

11.1 There are no direct implications arising from this report

## **12. Corporate implications**

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

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

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Background papers: Capital Programme 2020/21 to 2023/24  
Revenue Budget 2021/22

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

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## 1.1 Background

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, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

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

CIPFA defines treasury management as:

*"The management of the local authority's borrowing, 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."*

This authority has not engaged in any commercial investments. Reporting requirements

### 1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

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

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

### 1.2.2 Treasury Management reporting

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

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

### **Scrutiny**

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

## **1.2 Treasury Management Strategy for 2021/22**

The strategy for 2021/22 covers two main areas:

### **Capital issues**

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

### **Treasury management issues**

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

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

## **1.3 Training**

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



## 1.4 Treasury management consultants

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

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

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

### **THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24**

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

## 1.5 Capital expenditure

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

<b>Capital expenditure £m</b>	<b>2019/20 Actual</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Non-HRA	1,910	3,640	10,047	2,326	1,633
HRA	6,605	9,504	6,968	5,423	4,464
<b>Total</b>	<b>8,515</b>	<b>13,144</b>	<b>17,015</b>	<b>7,749</b>	<b>6,097</b>

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

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

<b>Financing of capital expenditure £m</b>	<b>2019/20 Actual</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Capital receipts	812	1,756	3,791	951	463
Capital grants	758	2,173	3,600	1,160	729
Capital reserves	6,574	8,442	6,430	4,953	4,494
Revenue	27	0	0	0	0
<b>Net financing need for the year</b>	<b>344</b>	<b>773</b>	<b>3,194</b>	<b>685</b>	<b>411</b>

## 1.6 The Council's borrowing need (the Capital Financing Requirement)

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

Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

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

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £73.011m as at the 1<sup>st</sup> April 2020 of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
<b>Capital Financing Requirement</b>					
CFR – non housing	36,017	32,260	34,103	33,380	32,340
CFR – housing	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>	<b>70,320</b>
<b>Total CFR</b>	<b>106,337</b>	<b>102,580</b>	<b>104,423</b>	<b>103,700</b>	<b>102,660</b>
<b>Movement in CFR</b>	<b>( 954)</b>	<b>(3,757)</b>	<b>1,843</b>	<b>( 723)</b>	<b>(1,040)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	344	773	3,194	685	411
Less MRP/VRP and other financing movements	(1,298)	(4,530)	(1,351)	(1,408)	(1,451)
<b>Movement in CFR</b>	<b>( 954)</b>	<b>(3,757)</b>	<b>1,843</b>	<b>( 723)</b>	<b>(1,040)</b>

### 1.7 Core funds and expected investment balances

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

Year End Resources £m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Fund balances / reserves	20,696	17,854	15,720	15,277	14,910
Capital receipts	9,098	6,023	3,151	3,024	3,386
Provisions	920	920	920	920	920
Other	2,845	2,561	2,305	2,075	1,868
<b>Total core funds</b>	<b>33,559</b>	<b>27,358</b>	<b>22,096</b>	<b>21,296</b>	<b>21,084</b>
Working capital*	1,800	1,800	1,800	1,800	1,800
Under/over borrowing	23,759	22,622	24,680	26,709	28,724
Additional Borrowing	0	0	(4,394)	(7,223)	(9,460)
<b>Expected Investments</b>	<b>8,000</b>	<b>2,936</b>	<b>10</b>	<b>10</b>	<b>20</b>

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

## 1.8 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

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

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

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

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

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

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

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

**MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayment was £0.117m. Where VRP has been made in prior years and reserves are available to pay off debt VRP will be reversed.

## 2 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### 2.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2020 and for the position as at 31<sup>st</sup> December 2020 are shown below for both borrowing and investments.

Treasury Portfolio				
	Actual	Actual	Current	Current
	31.03.20	31.03.20	31.12.20	31.12.20
	£'000	%	£'000	%
<b>Treasury Investments</b>				
Banks	2,710	16%	3,564	11%
Building Societies - Unrated	12,930	75%	17,000	52%
Local Authorities	0	0%	12,000	37%
Money Market Fund	1,700	10%	0	0%
<b>Total managed in house</b>	<b>17,340</b>	<b>100%</b>	<b>32,564</b>	<b>100%</b>
<b>Treasury external borrowings</b>				
PWLB	73,011	100%	73,011	100%
<b>Total external Borrowings</b>	<b>73,011</b>	<b>100%</b>	<b>73,011</b>	<b>100%</b>
<b>Net treasury investments/(borrowing)</b>	<b>(53,671)</b>	<b>23.75%</b>	<b>(40,447)</b>	<b>44.60%</b>

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

£m	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
<b>External Debt</b>					
Debt at 1 April	85,935	82,578	79,958	79,743	76,991
Expected change in Debt	(2,941)	(2,168)	253	(2,256)	(2,530)
Other long-term liabilities (OLTL)	0	0	0	0	0

Expected change in OLT	( 416)	(452)	(468)	(496)	(525)
Actual gross debt at 31 March	<b>82,578</b>	<b>79,958</b>	<b>79,743</b>	<b>76,991</b>	<b>73,936</b>
The Capital Financing Requirement	<b>106,337</b>	<b>102,580</b>	<b>104,423</b>	<b>103,700</b>	<b>102,660</b>
Under / (over) borrowing	<b>23,759</b>	<b>22,622</b>	<b>24,680</b>	<b>26,709</b>	<b>28,724</b>

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

## 2.2 Treasury Indicators: limits to borrowing activity

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

<b>Operational boundary £m</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Debt	93,464	95,775	95,547	95,032
Other long term liabilities	9,116	8,648	8,153	7,628
Total	102,580	104,423	103,700	102,660

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

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

<b>Authorised limit £m</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
Debt	96,464	98,775	98,547	98,032
Other long term liabilities	9,116	8,648	8,153	7,628
Total	105,580	107,423	106,700	105,660

## 2.3 Prospects for interest rates

The Council has appointed Link Group 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 out their view which allows for the drop in PWLB rate 1% earlier this year.

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Months	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 Months	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 Months	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 Yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 Yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 Yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 Yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16<sup>th</sup> December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts are based on an assumption that a Brexit trade deal being agreed on 31.12.20.

### Gilt yields / PWLB rates

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9<sup>th</sup> November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

### Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. *(Please note that there are concerns over this approach, as the fundamental principle of local authority borrowing is that borrowing is a treasury management activity and individual sums that are borrowed are not linked to specific capital projects.)* It also introduced the following rates for borrowing for different types of capital expenditure: -
  - **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
  - **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.
- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -
  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

## 2.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded

with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

## **2.5 Policy on borrowing in advance of need**

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

## **2.6 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

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

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

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

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

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



## 2.8 Approved Sources of Long and Short term Borrowing

Our current available sources of borrowing are summarised below:

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

### 3 ANNUAL INVESTMENT STRATEGY

#### 3.1 Investment policy – management of risk

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

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

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

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

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.
  - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 5% of full investment portfolio.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.

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

#### **Changes in risk management policy from last year.**

The above criteria are unchanged from last year.

#### **Creditworthiness.**

Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.6.20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on *actual* levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is

predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the UK banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

### 3.2 Other limits

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

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

### 3.3 Creditworthiness policy

The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall

pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

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

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-
 and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
  - i. Short Term – F1
  - ii. Long Term – A-
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above
- Building Societies. The Council will use all societies which:
  - i. Meet the ratings for banks outlined above;
  - or
  - ii. Have assets in excess of £500m;
- Money Market Funds (MMFs) CNAV LNAV VNAV – £11m
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc
- Housing associations
- Supranational institutions
- Property funds and corporate Bonds- We may consider these funds if they meet the creditworthiness criteria. No decision will be made on the use of these funds without the Council approval.

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

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Transaction limit	Time Limit
Banks 1 higher quality	AA-	£15m	£7m	2 yr
Banks 1 medium quality	A+	£13m	£6m	2 yr
Banks 1 lower quality	A-	£11m	£5m	1 yr
Banks 2 – part nationalised	N/A	£11m	£6m	1 yr
Limit 3 category – Council's banker (not meeting Banks 1)	-	£13m	£10m	1 yr
Building Societies	-	£15m	£10m	2 yr
Other institutions limit*	-	£8m	£5m	1 yr
DMADF	UK sovereign rating	Unlimited	Unlimited	1 Yr
Local authorities	N/A	£15m	£10m	5 yr
Housing associations	XXX	£6m	£3m	2 yr
Money Market Funds	AAA	£15m	£11m	liquid

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

#### **Creditworthiness.**

Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.6.20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks

made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on *actual* levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. The Financial Policy Committee (FPC) stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

### 3.4 Other limits

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

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

### 3.5 Investment strategy

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

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

### **Investment returns expectations.**

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The Bank Rates forecasts for financial year end (March) are:

- Q 1 2021 0.10%
- Q1 2022 0.10%
- Q1 2023 0.10%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

Year	%
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.25%
2024/25	0.75%
Later years	2.00%

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

### **Negative investment rates**

While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.



Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

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

<b>Upper limit for principal sums invested for longer than 365 days</b>			
<b>£m</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Principal sums invested for longer than 365 days	£0	£0	£0

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days) in order to benefit from the compounding of interest.

### **3.6 Investment performance / risk benchmarking**

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

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

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

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

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

Yield - local measures of yield benchmarks are

- Investments – internal returns above the 3 months LIBID rate

### **3.7 End of year investment report**

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

**APPENDICES**

(These can be appended to the report or omitted as required)

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

## 4 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021/22 – 2023/24

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

### 4.1 Capital expenditure

Capital expenditure £m	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Corporate & Support Services	116	619	85	50
Community Services	1,322	2,179	813	813
Environmental and Planning	2,201	7,251	1,428	771
<b>Non-HRA</b>	<b>3,639</b>	<b>10,049</b>	<b>2,326</b>	<b>1,634</b>
<b>HRA</b>	<b>9,504</b>	<b>6,128</b>	<b>5,423</b>	<b>4,464</b>
<b>Total</b>	<b>13,143</b>	<b>16,177</b>	<b>7,749</b>	<b>6,098</b>

### 4.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

#### a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	8.09	8.97	9.80	11.08	11.58
HRA	34.68	33.68	32.67	31.60	29.83
<b>Total</b>	<b>42.77</b>	<b>42.65</b>	<b>42.47</b>	<b>42.68</b>	<b>41.41</b>

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

### 4.3 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

<b>Maturity structure of fixed interest rate borrowing 2021/22</b>		
	<b>%</b>	<b>Amount £'000</b>
Under 12 months	4%	2,941
12 months to 2 years	4%	2,941
2 years to 5 years	12%	8,824
5 years to 10 years	21%	14,707
10 years to 20 years	41%	29,414
20 years to 30 years	8%	5,883
30 years to 40 years	5%	3,300
40 years to 50 years	5%	5,000
	<b>100%</b>	<b>73,011</b>

#### **4.4. Control of interest rate exposure**

Please see paragraphs 3.3, 3.4 and 4.4.

#### 4.5 INTEREST RATE FORECASTS 2020-2024

This appendix is in a separate downloadable file.

PWLB forecasts are based on PWLB certainty rates.

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Months	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 Months	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 Months	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 Yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 Yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 Yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 Yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

## 5 ECONOMIC BACKGROUND

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee kept **Bank Rate** unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown from 5.11.20 to 2.12.20 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.
- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
  - The economy would recover to reach its pre-pandemic level in Q1 2022
  - The Bank also expected there to be excess demand in the economy by Q4 2022.
  - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- One key addition to **the Bank’s forward guidance in August** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.
- However, the minutes did contain several references to **downside risks**. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”.
- **COVID-19 vaccines.** We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9<sup>th</sup> November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage.

The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

- **Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5<sup>th</sup> November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.
- **Brexit.** While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.
- **Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)
- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -

- An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
- The furlough scheme was lengthened from the end of March to the end of April.
- The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
- The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.
- **US.** The result of **the November elections** meant that while the Democrats gained the presidency and a majority in the House of Representatives and the casting vote in the Senate. President Biden will consequently have the ability to determine policy and to implement his election manifesto.
- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it now abating. However, it also looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk**.
- **World growth.** World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

## Summary

**Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.**

**If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.**



## INTEREST RATE FORECASTS

**Brexit.** The interest rate forecasts provided by Link are based on deal on 31.12.20. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

### The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

Further details on the Economic Forecast are available on request.

## 6 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 01/04/2018 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

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

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

The investment policy proposed for the Council is:

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

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled

investment vehicles, such as money market funds, rated XXX by Standard and Poor's, Moody's and / or Fitch rating agencies.

5. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum Short-Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

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

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

	<b>Non Specified Investment Category</b>	<b>Limit (£)</b>
a.	<b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£11m
b.	<b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £500m, but will restrict these type of investments to £9m.	£15m
c.	Any <b>bank or building society</b> that has a minimum long-term credit rating of A- , for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£11m
d.	Any <b>non-rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to limit of £5m for a period of 6 months.	£9m

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

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

## 6 APPROVED COUNTRIES FOR INVESTMENTS

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

### ***Based on lowest available rating***

#### AAA

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

#### AA+

- Canada
- Finland
- U.S.A.

#### AA

- Abu Dhabi (UAE)
- France

#### AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

***THIS LIST IS AS AT 5.1.21***

## **7 TREASURY MANAGEMENT SCHEME OF DELEGATION**

### **(i) Council**

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

### **(ii) Finance & Performance Committee**

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

### **(iii) SLT/ Head of Finance**

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

## **8 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

### **The S151 (responsible) officer**

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