

Public Document Pack

**HINCKLEY & BOSWORTH
BOROUGH COUNCIL**



Hinckley & Bosworth Borough Council

**AGENDA FOR THE
MEETING OF THE COUNCIL**

TO BE HELD ON

TUESDAY, 13 DECEMBER 2022

AT 6.30 PM

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- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
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- **Do not** use the lifts.
- **Do not** stop to collect belongings.

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Thank you



**Hinckley & Bosworth
Borough Council**

Date: 05 December 2022

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council in the Council Chamber at these offices on **TUESDAY, 13 DECEMBER 2022 at 6.30 pm**

Yours faithfully

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

Miss RK Owen
Democratic Services Manager

A G E N D A

1. Apologies

2. Minutes of the previous meeting (Pages 1 - 6)

To confirm the minutes of the meeting held on 1 November.

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 7 - 10)**

To receive for information only the minutes of the Scrutiny Commission meeting held on 10 November.

10. **Local Development Scheme 2020 to 2025 (Pages 11 - 40)**

To seek an extension to the Local Plan plan period from 2039 to 2041 and a revised local development scheme for production of the plan.

11. **Acquisition and Development Strategy (Pages 41 - 98)**

To seek agreement of a new strategy for acquiring assets and developing land.

12. **Scheme of Members' Allowances 2022/23 and 2023/24 (Pages 99 - 116)**

To present the recommendations of the Independent Remuneration Panel.

13. **Motions received in accordance with Council Procedure Rule 17**

Motion from Councillor R Allen, seconded by Councillor C Allen:

"This Council notes with concern the increasing trend of energy companies forcibly installing prepayment meters to the homes of some of the most vulnerable people in society, with a further estimated 10,000 such meters to be installed this winter. These meters are generally accompanied by some of the highest energy tariffs in force in the market, further affecting those in greatest energy poverty and at greatest risk of 'self disconnecting'.

This motion proposes that this Council, in its role as a social landlord, prohibits the installation of prepayment meters in its properties, and further requires the removal of any such meters currently installed in homes owned by the Council within a period of not more than six months from the date of this motion."

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

1 November 2022 AT 6.30 pm

PRESENT: CLLR DT GLENVILLE - MAYOR
CLLR SM GIBBENS – DEPUTY MAYOR

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 L Hodgkins,
Cllr E Hollick, Cllr C Ladkin, Cllr MR Lay, Cllr KWP Lynch,
Cllr K Morrell, Cllr LJ Mullaney, Cllr MT Mullaney,
Cllr LJP O'Shea, Cllr A Pendlebury, Cllr RB Roberts,
Cllr MC Sheppard-Bools, Cllr H Smith, Cllr BR Walker,
Cllr R Webber-Jones, Cllr HG Williams and Cllr P Williams

Officers in attendance: Mark Brymer, Bill Cullen, Julie Kenny, Rebecca Owen and Ashley Wilson

180. **Apologies**

Apologies for absence were submitted on behalf of Councillors C Allen, Boothby, Cope, Furlong and Nichols.

181. **Minutes of the previous meetings**

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

RESOLVED – the minutes of the meetings held on 6 and 13 September be confirmed and signed by the Mayor.

182. **Declarations of interest**

The Monitoring Officer provided clarification in relation to interests the community governance review for those members who were also parish councillors, advising that this did not preclude them from participation in discussion and voting on the item.

Councillor O'Shea stated that he had submitted a response to the community governance review in his role as county councillor.

Councillor Findlay declared a personal interest in the Leader's position statement as an employee of Barclays Bank.

183. **Mayor's Communications**

The Mayor updated Council on recent events attended.

184. **Petitions**

Councillor Cartwright submitted a petition with 76 signatures in objection to the proposed telecommunications mast on Ratby Road, Groby.

Councillor Webber-Jones entered the meeting at 6.41pm.

185. Leader of the Council's Position Statement

The Leader presented his position statement which included the cost of living crisis, warm spaces initiative, national funding pressures, events, the A5 conference, healthcare in Hinckley and Barclays bank.

186. Taxi Licensing Policy

Consideration was given to the taxi licensing policy. It was moved by Councillor Cartwright, seconded by Councillor Sheppard-Bools and

RESOLVED – the taxi licensing policy be adopted.

187. General fund budget update

Members were updated on the general fund budget position. Concern was expressed about reductions in funding which had contributed to the position. Officers were thanked for their work on the budget. It was moved by Councillor Lynch, seconded by Councillor Bray and

RESOLVED –

- (i) The general fund budget changes be noted;
- (ii) The potential transfers from earmarked reserves of £1,209,000 to support the general fund position in 2022/23 be approved;
- (iii) The supplementary budget changes to the general fund to cover the forecast year end position as outlined in appendix A be approved.

Councillor Cook left the meeting at 7.45pm.

188. Community Governance Review - final recommendations

Council considered the final recommendations of the Community Governance Review Working Group following the close of the consultation on the draft recommendations. In response to concerns about the absence of a recommendation to create a new parish council for Dadlington, it was noted that this could be reviewed in two years if sufficient evidence was available. The importance of ensuring a parish council would be viable and sustainable was reiterated.

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

RESOLVED –

- (i) The following be approved for the reasons contained in the report:
 - (a) Bagworth and Thornton parish: the overall number of seats remains the same with Bagworth ward increasing from four to five seats and Thornton ward decreasing from four to three seats;
 - (b) Peckleton parish: the name of the parish be amended to “Kirkby Mallory, Peckleton and Stapleton Parish” with the name of the parish council amended to “Kirkby Mallory, Peckleton and Stapleton Parish Council”;
 - (c) Stoke Golding parish: the number of councillors on Stoke Golding Parish Council be increased from seven to eight;
 - (d) Sutton Cheney parish: the name of the parish be amended to “Dadlington and Sutton Cheney Parish” with the name of the parish council amended to “Dadlington and Sutton Cheney Parish Council” and the number of councillors for Dadlington ward be increased from three to four;
- (ii) The Director (Corporate and Street Scene Services) be authorised to make the necessary Orders for change.

Councillor Lay left the meeting at 8pm.

189. Motions received in accordance with Council Procedure Rule 17

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

The following motion was proposed by Councillor M Mullaney and seconded by Councillor Sheppard-Bools:

“There are over two million employees (family resources survey 2019-2020) providing unpaid care to friends and families, such as providing personal care, arranging medical and social support, and attending appointments. As the population ages and with more people staying in work longer these numbers will only increase.

1. This Council notes:

- (a) The growing care crisis in our country. There are over two million employees (family resources survey 2019-2020) providing unpaid care, arranging medical and social support and attending appointments. As the population ages and with more people staying in work longer these numbers will only increase.
- (b) The pressure on people as they balance their work with caring for loved ones or friends. Carers are often required to use their own

annual leave allowances to meet their caring responsibilities, risking burn out.

2. This Council believes that more action is needed to support people in work with caring responsibilities.
3. Council therefore proposes to support the Carer's Leave Bill being brought through parliament by Liberal Democrat Wendy Chamberlain MP which will, for the first time, create a statutory entitlement to offer unpaid leave for employees with caring responsibilities:
 - (a) The objective of the Bill will be to support carers to juggle work and care and for employers to maximise retention and wellbeing;
 - (b) It is expected to provide for up to one week's unpaid leave per year and would provide flexibility for carers to take smaller amounts of leave from half days up to one week, making things more flexible for employees and employers. The right would be intended to apply to all employees, effectively starting from day one of employment;
 - (c) Eligibility for the leave would be clearly defined in the Bill, taking a broad approach to reflect the wide range of caring relationships and responsibilities.
4. Council therefore:
 - (a) Resolves that the Chief Executive writes to our local MPs asking them if they will support the Carer's Leave Bill;
 - (b) Resolves to review its own communications and support for local advice services for carers to see if there is any further support that can be given locally."

Upon being put to the vote, the motion was declared CARRIED and it was

RESOLVED –

- (i) The Chief Executive writes to the local MPs asking them if they will support the Carer's Leave Bill;
 - (ii) Council communications and support for local advice services for carers be reviewed.
- (b) Motion proposed by Councillor R Allen, seconded by Councillor Roberts

The following motion was proposed by Councillor R Allen and seconded by Councillor Roberts:

"Recognising the significant backlog in planning applications awaiting decision by this council, this motion proposes that Council adopts a three-week planning committee rota until such time as all applications are being determined within the appropriate timescales."

During discussion points were raised in relation to difficulty in recruitment and retention, problems with the planning system nationally and the improvements since the current Planning Manager had been in post. It was explained that there was not a backlog in applications awaiting decision by committee which would justify moving to a three weekly meeting cycle, but in other parts of the process including awaiting consultee responses. It was also noted that if the need should arise it was already possible to schedule additional meetings.

Upon being put to the vote, the motion was LOST.

(The Meeting closed at 8.40 pm)

MAYOR

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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

10 NOVEMBER 2022 AT 6.30 PM

PRESENT: Cllr MR Lay - Chairman
Cllr C Ladkin and Cllr P Williams – Vice-Chairmen
Cllr JMT Collett, Cllr DS Cope, Cllr MJ Crooks, Cllr L Hodgkins, Cllr K Morrell,
Cllr A Pendlebury, Cllr MC Sheppard-Bools and Cllr R Webber-Jones

Also in attendance: Councillor KWP Lynch

Officers in attendance: Chris Brown, Valerie Bunting, Bill Cullen, Edwina Grant, Simon D Jones, Lesley Keal, Julie Kenny, Rebecca Owen and Ashley Wilson

198. **Minutes**

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

RESOLVED – the minutes of the meeting held on 28 July be confirmed and signed by the chairman.

199. **Declarations of interest**

Councillor Pendlebury declared an interest in agenda item 6 (health and wellbeing) as an employee of the NHS.

Councillor Collett entered the meeting at 6.33pm.

200. **Health and wellbeing**

Members received a presentation from representatives of the respective agencies on the Leicestershire Joint Health and Wellbeing Strategy, Leicestershire Public Health Strategy, proposed healthcare investment and dentistry services in Hinckley and Bosworth. During discussion, reference was made to the following:

- The lasting impact of covid on health services
- The new capital funded proposal for Hinckley District Hospital site which was currently awaiting decision by NHS England
- The £14.7m capital for a new community diagnostic centre in Hinckley which had been approved
- Increasing construction costs and inflation which were being factored into funding applications
- Plans to co-locate some NHS services at Hinckley Hub
- Issues as a result of dental funding not being ring fenced
- Loss of investment on specialist orthodontic dental services from NHS commissioned dental services for Leicestershire
- Staffing shortages in dentistry
- Capacity for dental treatment in the borough limited to only 50% of the local population.

Officers were commended on their work in partnership with health agencies in delivering the district offer to health. It was noted that there was no requirement to do this, but it was important for residents.

Councillor Sheppard-Bools left the meeting at 7.30pm.

201. Cost of living crisis

Consideration was given to a report which introduced the cost of living action plan to help address the impact of the cost of living crisis. Members highlighted the importance of the council's work on this issue and the need for it to continue despite it not being a statutory service. During discussion, the following points were raised:

- The need to hold advice events in the rural areas and the wider urban area
- The importance of monetary donations to food banks
- The young people's Voice forum was undertaking a project in relation to foodbanks and would be making a video to raise awareness
- The services available to rural areas including Earl Shilton and Barwell.

Members were reminded of previous reviews into poverty in the borough including fuel poverty and it was agreed that the reports would be revisited.

Councillor Webber-Jones left the meeting at 7.55pm.

202. Affordable housing delivery

Members received an annual update on the delivery of affordable housing in the borough. It was noted that some for-profit organisations including banks were moving into affordable housing with support of Homes England. The viability of the sustainable urban extensions was queried and members were informed that work was still underway and the proposals would be subject to a viability assessment.

Members welcomed the work undertaken by officers.

203. Infrastructure funding statement

Members were provided with a copy of the infrastructure funding statement report for the financial year 2021/2022. Members thanked officers for their work in monitoring and chasing progress on S106 contributions.

204. Local plan update

The Scrutiny Commission received an update on the local plan and the need for the revised timetable and attention was drawn to a briefing note recently sent out. The importance of attending the Planning Policy Working Group was emphasised as members were reminded that the Scrutiny Commission was not the relevant body to be considering the detail of the local plan.

Councillor Collett left the meeting at 8.25pm.

205. Acquisition and Development Strategy

Members gave consideration to a new strategy to provide the framework for acquiring assets and developing land as part of the council's delivery of services to stimulate and support regeneration and economic growth and to increase the supply of new affordable homes. The strategy was required in order to expedite decision making to take advantage of development opportunities.

Some members expressed concern at the suggestion that investment outside of the borough may be made. In response, it was noted that investment would be limited to the functional economic geography of the borough which could extend into the Leicester and Coventry LEP areas. The example was given of a project which created employment benefitting the borough and generated a return on investment. It was noted that the wholly owned company may be a vehicle used for some of the projects if it was more suitable.

RESOLVED – the strategy be RECOMMENDED to Council.

Councillor Lynch left the meeting at 8.49pm.

206. Planning service scrutiny review

The chair, on behalf of the Planning Service Scrutiny review working group, presented the findings of the review which had been carried out following the unprecedented exit of planning staff in 2021. It was reported that areas of concern included workload, morale, recruitment and retention, member/officer relations, lack of feedback to senior management and early engagement of members in the planning application determination process. Attention was drawn to the recommendations within the report. It was noted that a lot of work had already taken place to address the issues and the Director (Community & Development) had put in place an action plan and established a range of thematic working groups focussed on improvements to the service.

Whilst there were still recruitment problems, members thanked the Planning Manager for his hard work since coming into post. The Planning Manager reported that numbers of outstanding applications were reducing and workloads in terms of the number of applications being handled by one officer had reduced.

The importance of attending planning agenda meetings in order to maintain an awareness of upcoming applications and ask questions was emphasised, along with the importance of the Planning Policy Working Group.

In terms of recommendations, members felt the workload management tool was crucial in order to monitor workloads and escalate issues to the strategic leadership team if necessary. It was also felt that an officer/member engagement event would be a helpful opportunity to meet officers and to improve working together and that officers should be reminded of the process for addressing member behaviour.

RESOLVED –

- (i) The recommendations in the report be endorsed;
- (ii) Progress be monitored by the Scrutiny Commission and Finance & Performance Scrutiny.

207. Scrutiny Commission Work Programme

It was agreed that the chair and vice-chairs would consider how to take forward work to revisit the poverty review.

208. Minutes of Finance & Performance Scrutiny

Minutes of the meeting of Finance & Performance Scrutiny were received for information.

(The Meeting closed at 9.23 pm)

CHAIRMAN



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Council 13 December 2022

Wards affected: All wards

HINCKLEY AND BOSWORTH LOCAL PLAN – LOCAL DEVELOPMENT SCHEME 2020 to 2025

Report of Director (Community Services)

1. Purpose of report

- 1.1 To set out the requirements for and seek approval from Council to an extension to the Local Plan plan period from 2039 to 2041 and a revised Local Development Scheme for production of the Local Plan.

2. Recommendation

- 2.1 That Council:
- Notes the requirements for a review of the exiting Local Development Scheme;
 - Approves the extension of the Local Plan period from 2039 to 2041;
 - Approves for publication the revised Local Development Scheme 2020 to 2025
- 2.2 That delegated approval be granted to the Director (Community Services) in consultation with the Executive Member for Planning to make any further necessary amendments to the Local Development Scheme.

3. Background to the report

- 3.1 Local planning authorities are required to prepare, maintain, and publish a Local Development Scheme (LDS) in accordance with the Planning & Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). The LDS sets out the timetable for the preparation of the Local Plan and any associated documents such as supplementary planning guidance.

- 3.2 The previous LDS was published in February 2022 prior to the Local Plan Regulation 19 consultation. The timetable at that stage indicated that the Borough Council intended to submit its Local Plan to the Planning Inspectorate by the end of March 2022 for Examination. However, several significant issues became apparent that would make submission of a sound plan at that stage impossible. The attached LDS sets out that timetable.

Issues leading to the revision of the LDS

- 3.3 In March 2022, following conclusion of the Regulation 19 consultation, the Office for National Statistics (ONS) released a data update for 'Housing Affordability in England and Wales: 2021', referred to as the 'affordability ratios'. This meant that under the Standard Methodology calculation the Council's annual housing figure to be provided for in the Local Plan has risen from 444 dwellings per annum (dpa) to 472 dpa. This meant that the council needs to identify additional sites to meet an increase in its own local housing requirement.
- 3.4 In addition to the affordability uplift (see para 3.3 above), the quantum of unmet need from Leicester City has now been finalised. Although the matter was understood in principle at the Regulation 19 consultation stage, there had been no finalised distribution across the districts. This proposed distribution was based on the Leicestershire-wide Housing and Economic Needs Assessment (HENA) study which was jointly commissioned by all the Leicestershire districts, Leicester City and Leicestershire County Council.
- 3.5 The proposed share of the unmet need apportioned to Hinckley and Bosworth was an additional 187 dpa to be added to the council's annual housing figure of 472 dpa equating to 659 dpa. Although the Council accepts that as a member of the Leicester and Leicestershire housing market area (HMA) it has a duty to help address any unmet need, the figure of 187 dpa is disputed due to the final manual adjustment that is made to the formula behind the distribution based on historic stock growth.
- 3.6 The HENA attributes an initial 102 dpa to the borough as part of the overall redistribution. However, due to a manual cap applied to Charnwood Borough Council's share (they have had their compound annual stock growth figure manually reduced from 1.7% to 1.4%), the borough council objects to the additional 85 dpa this would result in Hinckley and Bosworth being required to accommodate on top of the proposed additional 102dpa.
- 3.7 This objection is an '*area of disagreement*' contained within an updated Statement of Common Ground (SoCG) between all the Leicestershire districts together with the City and County Council. The SoCG has not yet been formally agreed by this council as of November 2022. The HENA and the proposed distribution will be examined as part of a specific hearing session at the Charnwood Local Plan Examination being held in October 2022.
- 3.8 Although the council do not agree with the full proposed allocation of unmet need, it will still need to find additional sites to accommodate an element of

unmet need and will need to ensure that the evidence base including the transport modelling, infrastructure delivery plan, viability modelling and the sustainability appraisal all reflect and support additional sites.

- 3.9 In April 2022 the borough council became one of 42 councils advised by Natural England that it would be affected by nutrient neutrality requirements. This is where new development that may increase wastewater run off must achieve 'nutrient neutrality,' and this is achieved when the nutrient load created through additional wastewater (including surface water) is mitigated within the development. This new requirement will require relevant policies in the plan and the area subject to nutrient neutrality requirements illustrated on the Proposals map. Nutrient neutrality must also be factored into the preparation of the Local Plan through the Sustainability Appraisal and Habitats Regulation Assessment.
- 3.10 Changes to the housing need the Council has to plan for has a consequential impact on the evidence which needs to be gathered and tested to ensure that sites are capable of delivering the future land requirements to meet the identified need. Officers have been working with County colleagues on a programme of work to deliver the necessary evidence and it is estimated that the transport modelling of potential sites will take around 12 to 15 months to complete. This timeframe will also include evidence around key infrastructure such as education requirements etc. The Infrastructure Delivery Plan and viability modelling work can only be prepared once the transport modelling is near completion (draft report stage), and it is anticipated that it will take around 18 months before all these parts of the evidence base could be completed prior to submission of the Plan for a further Reg 19 consultation before being submitted for examination. Having the evidence complete/close to completion before submission of the plan will reduce the risk of the plan being found unsound. The Council should only submit a Plan for examination that it considers to be legally compliant and 'sound'.
- 3.11 A further Reg 19 consultation will be required once this work has been completed before the Plan can be submitted. This is the point at which the Council will decide which sites it intends to submit to examination to meet the identified need. If the quantum of additional housing sites can't be found within the current overall strategy (70% in the urban area and 30% in the rural key settlements and villages), then it may mean a further Reg 18 consultation needs to take place to agree a new strategy. If this is the case the LDS will need to be reviewed again to set this out at the appropriate time.
- 3.12 Since the Regulation 19 consultation in early 2022, there has been further uncertainty about the direction that local planning will be going following the launch in May 2022 of the Levelling Up and Regeneration Bill (LURB) which includes the idea of abolishing the legal Duty to Cooperate and replacing it with an alignment test which seeks to ensure planning parity between neighbouring districts.
- 3.13 Further, there has recently been much speculation and supposition at national government level about changes to how housing targets will be arrived at,

including the abolishment of top-down housing targets and possibly reforms such as scrapping the Government's target of building 300,000 homes per year. Such dramatic changes to how the planning system currently operates will need to be enacted through primary legislation such as the LURB. This is still being progressed through the necessary parliamentary stages but has slowed down in response to the recent changes in leadership. Until the LURB becomes an Act of Parliament it is difficult to have clarity about the amount of housing the borough council needs to plan for.

- 3.14 Due to the current uncertainty and confusion around how to effectively plan for housing needs and whether there will be a continuing obligation to accept some of Leicester City's unmet need it became apparent that the production of the Local Plan needs to be re-timetabled in order to better understand and respond to the current uncertainty and thus avoid abortive work and the risk of submitting an unsound plan.
- 3.15 This revised position being put to Members also reflects advice given by officials at the Department of Housing, Levelling Up and Communities (DHLUC). At a recent meeting between them and officers including colleagues from County, DHLUC's Head of Local Plan Delivery advised the council to have in mind a realistic delivery plan behind the LDS and not to employ '*speed for speeds sake, no haste, have realistic timescales*.'
- 3.16 Although the Government wants to have plans in place as quickly as possible, they would prefer to see well-reasoned and collaborative timescales (ie agreed with key supporters for plan production like County and National Highways) that will deliver a sound plan rather than the need to revise LDS' constantly. From the advice given it does not seem likely that the Government would intercede should local planning authorities not meet the December 2023 deadline for an adopted Local Plan where it can be demonstrated they are making good progress based on realistic deadlines and strong partnership working.
- 3.17 Attached to this report is the proposed new timetable for progressing the Local Plan in the face of the uncertainty referenced above. The revised timetable sees the production of the plan, submission for Examination and eventual adoption extending into 2025. The longer timescale is considered necessary to allow the council to identify additional housing sites to meet our increased housing need figure due to the affordability ration uplift and complete critical pieces of evidence such as highways and infrastructure. It will also afford time for primary legislation to progress to provide clarity around how the new planning system will operate and what the council's obligations will be to meet our own and unmet housing need going forward.
- 3.18 The revised timetable will have an effect on the determination of planning applications, in that the Council will have an increasingly out of date local plan against which decisions will be made. This will mean that there is an increased risk of a longer period during which the Council will be susceptible to NPPF paragraph 11d decisions, especially in the absence of a 5 year land supply.

- 3.19 The proposed new timescale is underpinned on the estimate of 12-18 months to complete the required outstanding evidence. Having a complete evidence base at time of submission reduces risk such as prolonged hearing sessions or being deemed unsound before Examination. A longer timescale also allows the council to reconsider aspects of the emerging plan to ensure the vision and objectives of the plan are still appropriate and will deliver.
- 3.20 The key milestones set out in the revised LDS would see a further Regulation 19 submission version of the Local Plan be subject to public consultation during summer 2024 with consequent submission to the Planning Inspectorate in late summer 2024. The estimated date for Examination is considered late 2024 to early 2025 with adoption of the plan following in late summer 2025.

Effect of the revised LDS timescales on the Local Plan plan period

- 3.21 Paragraph 22 of the National Planning Policy Framework (NPPF) states: *“Strategic policies should look ahead over a minimum 15-year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure”*. The emerging Local Plan has been using the plan period 2020 to 2039. However, under the proposed revised timescales as set out in the previous paragraphs if the new Local Plan is adopted later in 2025, we would only have 14 years of the plan period left. Although local planning authorities are required to review their Local Plans every 5 years, a 14-year timescale for an adopted plan is not likely to be acceptable by a Planning Inspector through Examination of the plan.
- 3.22 The solution would be to extend the plan end date at this time from 2039 to 2041. This will ensure we will have more than the minimum 15-year time horizon for our strategic policies. It also means that we have to plan for a further two years of housing and employment land needs. However, it is anticipated that there are sufficient existing sites in consideration for inclusion to be able to respond to this additional need.
- 3.23 Extending the planning period end date will also provide the council with a further opportunity to re-evaluate the plan’s current vision and consider whether to look much more longer-term. NPPF para. 22 further states – *“Where larger-scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery”*. The current vision could be revised to provide a stronger commitment to bring forward a new settlement(s) and what that would mean for the borough.

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

- 4.1 None

5. Financial implications [IB]

- 5.1 Any potential financial impact arising from the extension will require approval in accordance with finance procedure rules.

6. Legal implications [MR]

- 6.1 Full Council is the decision-making body for the preparation of and amendments to the local plan
- 6.2 Council will need to think carefully whether future decisions on/proposed amendments to, the local plan are matters to be delegated, given the significance of the local plan to the future development of the borough, and the potentially significant decisions yet to be made, resulting from the further issues identified in this report and still to be resolved.

7. Corporate Plan implications

7.1

People

2. Maximise people's potential through employment and skills support

Place

2. Keep our town centres vibrant and viable
4. Improve the quality of existing homes and enable the delivery of affordable housing

Prosperity

1. Boost economic growth and regeneration by encouraging investment that will provide new jobs and places to live and work all over the borough
2. Support the regeneration of our town centres and villages
3. Support our rural communities
4. Work with partners to raise aspirations and boost opportunities for training, employment, and housing
6. Ensure businesses are supported to safeguard and maintain local employment opportunities
7. Provide direct investment in economic opportunities where opportunities arise and subject to the business case

8. Consultation

- 8.1 None at this stage

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 Management of significant (Net Red) risks

Risk Description	Mitigating actions	Owner
DLS 37 Consult with customers and stakeholders	Consultation and engagement is carried out in line with the council's published Statement of Community Involvement	Head of Planning
DLS.39 Develop partnership working	Work with neighbouring authorities within the HMA to prepare and agree a Statement of Common Ground on housing distribution and unmet need.	Head of Planning
DLS.50 Compliance and regulation	Preparation of Local Plan must be in accordance with the relevant legislation and guidance.	Head of Planning

10. Knowing your community – equality and rural implications

10.1 The Local Plan is relevant to all communities within Hinckley and Bosworth Borough.

11. Climate implications

11.1 Relevant actions from the borough's Climate Change Strategy:

- Minimise the carbon usage in new development through our local plan policies and development management decisions, ensuring new builds are in accordance with building regulation requirements and planning conditions
- Encourage active environments within new housing developments, leading to increased cycling and walking
- Work with businesses to increase the use of solar PV and install other low carbon measures to increase their energy efficiency

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: Local Plan – Local Development Scheme 2020 - 2025

Contact officer: Kirstie Rea – Planning Manager (Policy), ext 5857

Executive member: Councillor D Bill



Hinckley & Bosworth Borough Council

**Local Development Scheme
2020 – 2025**

October 2022

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1. INTRODUCTION

What is the Local Development Scheme?

- 1.1 The Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011) requires local planning authorities to prepare, maintain and publish a Local Development Scheme (LDS).
- 1.2 The LDS establishes the programme for the production of Development Plan Documents (DPDs) such as the Local Plan and other supporting planning documents and sets out the key stages for their production including public consultation. This enables local communities, businesses, developers, service and infrastructure providers and anyone else with an interest in the borough to know what is being prepared for their area and when they will be able to get involved.
- 1.3 This LDS covers the period from 2020 to 2025 and supersedes the previous LDS published in July 2020. It provides information about the Hinckley & Bosworth Local Plan 2020-2041 and other related documents that may be produced.

Current Hinckley & Bosworth Local Plan

- 1.4 The adopted Hinckley & Bosworth Local Plan consists of:
 - Core Strategy (2009)
 - Hinckley Town Centre Area Action Plan (2011)
 - Earl Shilton and Barwell Area Action Plan (2014) and
 - Site Allocations and Development Management Policies (2016).

Local Development Documents

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

Development Plan Documents

- 1.6 Development Plan Documents (DPDs) detail the planning strategies for development within the borough. They set out policies and guidance for the use, protection and/or development of land and will normally include the allocation and designation of land for uses such as housing or play and open space. These must be in general conformity with government guidance, in particular the National Planning Policy Framework (NPPF). DPDs carry the most weight for determining planning applications and

form the 'Development Plan' for the borough in conjunction with any made Neighbourhood Development Plans. The new Local Plan will eventually replace Core Strategy and Site Allocations and Development Management DPDs listed at 1.4 above. The Earl Shilton and Barwell Sustainable Urban Extension AAPs will be saved as existing applications and ongoing town centre masterplan work is predicated on their contents.

Neighbourhood Development Plans

- 1.7 Neighbourhood Development Plans (NDP) are community-led plans for guiding the future development and growth of a local area. They were introduced by the Localism Act (2011) and, although not compulsory, once they are duly prepared and legally come into force, they become a statutory document that forms part of the Development Plan. An NDP can be used to set a shared vision for an area, shape and direct sustainable development and set policies to aid determination of planning applications.
- 1.8 NDP's must be in general conformity with the strategic policies of the Local Plan and are prepared to a timescale that is set by the Parish, Town Council or Neighbourhood Forum that is producing it. As local planning authorities are not responsible for the preparation or timetabling of any NDPs that are proposed, they are not detailed in this LDS. The Council provides, statutory and discretionary, officer support and advice in preparing these plans.
- 1.9 A number of parishes are in the process of producing Neighbourhood Plans and there are seven 'made' plans (as at October 2022):
 - Market Bosworth (made September 2015)
 - Burbage (made May 2021)
 - Desford (made May 2021)
 - Markfield (made September 2021)
 - Stoke Golding (made March 2022)
 - Sheepy Review (made May 2022)
 - Barlestone (made June 2022)

More information about Neighbourhood Planning and a full list of 'made' plans can be found on the borough council's web site.

Supplementary Planning Documents

- 1.10 Supplementary Planning Documents (SPDs) are documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on issues, such as design. SPDs are capable of being a material consideration in planning decisions but do not form part of the development plan. The Borough Council may decide to produce SPD as and when the need for such further guidance arises. More information about and a full list of SPDs can be found on the borough council's web site.

Statement of Community Involvement

- 1.11 The Statement of Community Involvement (SCI) document sets out the standards to which the local planning authority will engage and consult the public and other stakeholders during the production of the Local Plan and when dealing with planning applications. The SCI was most recently revised in July 2019, and additional supplementary guidance was published in May 2020 related to the impact of Coronavirus on community involvement. The SCI is revisited regularly to ensure it is up to date and responds to circumstances that may require new or different engagement approaches. The most up to date version is available on the council's website.

Authority Monitoring Report

- 1.12 The council is required to monitor annually how effective its policies and proposals are. An Authority Monitoring Report (AMR) is published by the council each year to inform LDS reviews.
- 1.13 As part of the monitoring process, the council will assess:
- Whether it is meeting, or is on target to meet, the milestones set out in the LDS and, if not, the reasons why
 - What impact Local Development Documents are having on other national and locally set targets
 - Whether any policies need to be reviewed or replaced to meet sustainable development objectives
 - What action needs to be taken if policies need to be replaced
- 1.14 As a result of monitoring, the council will consider what changes, if any, need to be made. If changes are appropriate these will be brought forward through the review of the LDS.

Other Key Plans and Strategies

Leicester and Leicestershire Strategic Growth Plan (December 2018)

- 1.15 Hinckley & Bosworth is part of the defined wider housing market for Leicester and Leicestershire. The seven local authorities in Leicester and Leicestershire, Leicestershire County Council and the Local Enterprise Partnership are working together to determine the future need for homes and jobs and agree how these should be distributed across Leicester and Leicestershire. A Strategic Growth Plan has been jointly prepared to demonstrate these needs post 2031 up to 2050, and detail how jobs and homes can be planned for in a coordinated way through local plans.
- 1.16 The Strategic Growth Plan is a positive response to the Duty to Cooperate requirement introduced by the Localism Act 2011. The

broader strategy and the jobs and homes forecasts contained in the Strategic Growth Plan are reflected in Hinckley & Bosworth Local Plan.

Minerals and Waste Local Plans

- 1.17 Leicestershire County Council is responsible for preparing Minerals and Waste Local Plans and determining planning applications for minerals and waste development across Leicestershire. The Minerals and Waste Local Plan was adopted by the County Council in September 2019 and it forms part of the Development Plan for the borough.

Local Transport Plan

- 1.18 Leicestershire County Council, as the highways authority is responsible for preparing the Local Transport Plan (LTP). LTP 3 was published in 2011 and sets out how the highways authority will seek to ensure that transport continues to play its important role in helping Leicestershire to continue to be a prosperous, safe and attractive County up to 2026.

Other documents

- 1.19 A number of other important Borough Council, County Council and external strategies and evidence base documents are also taken into account when preparing DPDs and SPDs. The documents are considered during the scoping of a DPD/SPD and throughout the Sustainability Appraisal process.

Programme of work 2020 – 2025

- 1.20 The council's priority over this period is to prepare and submit for examination a single Local Plan. The Local Plan will use the existing suite of adopted development plan documents as the starting point for developing the strategy and vision for Hinckley & Bosworth to 2041. New, up to date, national policy compliant evidence will be prepared and alongside wide-ranging consultation, will help formulate the new local plan for the borough. Existing commitments for housing, employment and other land uses will also be taken into account and the new plan will identify further sites in the borough to meet the identified needs of its communities. The Local Plan will include specific policies to aid the determination of planning applications for the development of land and buildings as well as an accompanying policies map.
- 1.21 As with previous development plan documents, the new Local Plan will be produced in stages with several opportunities for the public and other interested parties to participate in the decision-making process on a wide range of planning issues. Aligned with this, the council will continue to engage with specific prescribed bodies such as national agencies, service providers and neighbouring local authorities in line with the Duty to Co-operate requirements.

- 1.22 Section eight contains a detailed preparation profile for the Local Plan, although it should be noted that the timetable for production could change during preparation of the Plan, which will be reflected in an update to the LDS.
- 1.23 The full regulatory and consultation requirements for the production of a Local Plan can be found in the Town and Country Planning (Local Planning) (England) Regulations 2012. Whilst there is some flexibility in the production of DPDs the general process is summarised in Figure 1 below:

Figure 1: Stages for Preparing a Development Plan Document



2. THE HINCKLEY & BOSWORTH LOCAL DEVELOPMENT SCHEME

- 2.1 The LDS programme for the preparation of the Local Plan is provided in Appendix 1. It identifies the delivery of the Local Plan as the priority along with potential Supplementary Planning Documents considered necessary to amplify local planning policy. It is proposed that the Local Plan (2020 – 2041) for the borough will comprise of the following:

The Local Plan Development Plan Document

- 2.2 Will provide the strategic policies in order to deliver the vision for Hinckley & Bosworth Borough up to 2041. The plan period has been extended from the previous 2039 to 2041 to accord with the new estimated adoption date of late 2025 to ensure there is a minimum 15 year plan period post adoption. It will take account of the Strategic Growth Plan for Leicester and Leicestershire and will include the identification of sites to meet any recognised development needs as well as land use designations and policies by which to determine planning applications. As noted above, the Local Plan will replace the Core Strategy and Site Allocations and Development Management Development Plan Documents.

Gypsy and Traveller Allocations and Site Development, Development Plan Document

- 2.3 Will provide the planning policy framework and allocation of land to meet identified needs for residential pitches reflecting the most up to date evidence of accommodation needs and site capacity.

Good Design Guide Supplementary Planning Document

- 2.4 This provides guidance for the future development of the towns, villages and wider rural areas of Hinckley & Bosworth Borough. The intention is not to set out prescriptive requirements or standards, but rather to seek to encourage developers and designers to think about the context of a site and how a development might contribute to and enhance an area. The aim is to ensure high quality development throughout the district regardless of scale or location. National guidance and good practice from other sources will be signposted alongside more detailed local guidance specific to particular areas. The Design SPD was adopted by the council in March 2020.

Land South of Station Road, Market Bosworth Masterplan SPD

- 2.5 The SPD is a masterplan to help guide development and delivery of this allocated mixed use development site. The Masterplan covers design, highways, public open space and other relevant issues and the SPD was adopted by the council in May 2021.

Other documents

- 2.6 The Council may decide to produce additional SPDs should the need arise. The requirement for additional SPDs will be kept under review and will be reflected in future versions of the LDS.
- 2.7 The Hinckley & Bosworth Policies Map will be updated to illustrate Development Plan Documents as they are adopted.

Changes to the LDS Programme since 2020

- 2.8 The main changes are that firstly there was a consultation undertaken on a regulation 18 draft on the proposed strategy and emerging local plan policies during summer 2021. Then in February 2022 the council undertook a Regulation 19 consultation which included the sites proposed to be allocated.
- 2.9 Following conclusion of this consultation, several other relevant issues to address in the Local Plan became apparent. In March 2022 the Office for National Statistics (ONS) released data for 'Housing Affordability in England and Wales: 2021', referred to as the 'affordability ratios. This meant that the annual figure for new houses to be provided in the Local Plan has risen from 444 per annum to 472 under the Standard Methodology calculation.
- 2.10 Following the council's Reg 19 consultation, the quantum of unmet need from Leicester City was finalised. Although the matter was understood in principle at the Reg 19 consultation stage, there had been no distribution finalised. This was based on a Leicestershire-wide Housing and Economic Needs Assessment (HENA) study. The share of the unmet need apportioned to Hinckley and Bosworth was an additional 187 dpa to be added to the council's annual housing figure of 472 dpa equating to 659 dpa. The borough council accept that as a member of the Leicester and Leicestershire housing market area (HMA) we have a duty to help address any unmet need, the figure of 187 dpa is disputed due to the final manual adjustment that is made to the formula behind the distribution.
- 2.11 The HENA attributes an initial 102 dpa to the borough as part of the overall redistribution. However, due to a manual cap on Charnwood Borough Council's share, the borough council object to the additional 85 dpa this would result in. This objection is an 'area of disagreement' contained within an updated Statement of Common Ground (SoCG) between all of the Leicestershire district and borough councils together with the City and County Council. The SoCG has not yet been formally agreed by the council as of October 2022.
- 2.12 The council will need to find additional sites to accommodate these additional houses and will need to ensure that the evidence base including the transport modelling, infrastructure delivery plan, viability modelling and the sustainability appraisal all reflect and support these additional sites. The evidence base modelling cannot be commenced until the Council has identified all the proposed sites to accommodate

the new housing numbers. It is estimated that the transport modelling will take around 12 to 15 months to complete and the IDP and viability modelling can only be completed once the transport modelling is near completion (draft report stage), so it is anticipated that it will be around 18 months before all these parts of the evidence base could be completed prior to submission of the plan for examination.

- 2.13 A further Reg 19 consultation will be required once this work has been completed before the Plan could be submitted. If the quantum of additional housing sites can't be found within the current overall strategy, then it may mean a further Reg 18 consultation needs to take place. If this is the case the LDS will be reviewed again to set this out at the appropriate time.
- 2.14 In April 2022 the borough council became one of 42 councils advised by Natural England that we would be affected by nutrient neutrality requirements. This is where new development that may increase wastewater run off must achieve 'nutrient neutrality,' and this is achieved when the nutrient load created through additional wastewater (including surface water) is mitigated in the development. This new requirement will require relevant policies in the plan and the area subject to nutrient neutrality requirements illustrated on the Proposals map. Nutrient neutrality must also be factored into the preparation of the Local Plan through the Sustainability Appraisal and Habitats Regulation Assessment.
- 2.15 To further compound the above matters, following the March Reg 19 consultation, the quantum of unmet need from Leicester City was finalised. Although the matter was understood in principle at the Reg 19 consultation stage, there had been no quantum finalised. A Statement of Common Ground (SoCG) between all of the Leicestershire district and borough councils, together with the City and County Council was initially drafted in April 2022 but has since been re-published in July 2022. The SoCG is the culmination of joint working between the partners on this matter since 2017. However, as stated at paragraph 2.11, the SoCG has not yet been formally agreed by the council as of October 2022.
- 2.16 Since the Regulation 19 consultation in early 2022, there has been further uncertainty about the direction that local planning will be going following the launch in May 2022 of the Levelling Up and Regeneration Bill (LURB) which includes the idea of abolishing the legal Duty to Cooperate. Alongside the Committee stage of the LURB, a prospectus of NPPF changes that would set out the rationale behind the direction of policies was due to be published in summer 2022. This has not materialized to date. Further, during her campaigning to be the UK's next prime minister, Liz Truss stated she would "abolish the top-down, Whitehall-inspired Stalinist housing target. Since becoming PM, her appointed ministers have hinted heavily at imminent announcements of changes which will affect the role of planning as part of the 'supply side' reforms aimed at boosting growth, including the possibility of scrapping

the Government's target of building 300,000 homes per year. Due to the current uncertainty and confusion about how to effectively plan for housing needs and whether there will be a continuing obligation to accept some of Leicester City's unmet need the council plans to re-timetable the production of the Local Plan in order to better understand and respond to the current uncertainty and thus avoid abortive work and the risk of submitting an unsound plan.

3. MANAGEMENT OF DEVELOPMENT PLAN PREPARATION

Project Management and Resources

- 3.1 The Planning Policy Team is responsible for preparing the Local Plan and coordinating work required to support the delivery of the documents set out in this LDS on a day to day basis. The council will work closely with colleagues from other service areas and external agencies to prepare evidence base documents and inform policies in the Local Plan.
- 3.2 Consultants will be engaged on specific projects to provide technical expertise or where there is a need for independent advice. Where opportunities arise work may be undertaken in conjunction with other Leicestershire authorities to avoid duplication of effort and maximise value for money across the county.
- 3.3 The council makes annual contributions from its revenue budget to an earmarked reserve to fund the plan preparation process. The Development Services department has a business plan which provides a framework for project delivery and this plan is reviewed annually.

Risk Assessment

- 3.4 A risk assessment has been carried out as part of the preparation of the LDS to identify key factors that could impact on the ability of the council to deliver the Local Plan in line with the specified programme. The key risks and mitigation measures include:

Nature of Risk	Consequence of Risk Occurring	Level of Risk	Mitigation
Staff Resources to produce new Local Plan - loss of key staff due to sickness, maternity, moving to another job, reliance on agency staff	Insufficient resources to progress Local Plan timetable and provide consistency in developing content and analysis	High	Regular review of staff work-loads but also provide challenge and development to retain staff. Build in resilience where possible to cover short-term and long-term priorities. Ensure sufficient financial resources to cover staffing gaps with agency support.
Failure to develop a comprehensive, compliant and up-to-date evidence	Allocations and policies are not supported by robust evidence will not deliver	High	Ensure rigorous assessment of what evidence is required to support the Local Plan. Ensure

base to support the Local Plan.	good place making and the homes and jobs needed in the borough. This would also lead to the Local Plan being found unsound.		sufficient resources (personnel and funding) available to develop evidence base requirements.
Employment of external consultants and agencies to carry out technical/specialist areas of the evidence base.	In-sufficient capacity to draft appropriate project briefs and procure services from consultants	Medium	Ensure team members have skills and abilities to procure relevant studies and are supported to do this, also with support to undertake procurement exercises within the council's financial procedure rules.
Dependence on external consultants and other external organisations for completion of evidence studies and successful partnership working	The inability of others to fulfil project obligations in an efficient, effective and timely manner could cause unacceptable delay and/or result in incomplete evidence and support through Examination.	Medium	Proactive and appropriate project management, cooperation and monitoring of project. Appropriate service level agreement between parties. Ensure regular updates and support at Examination is a component of the contract.
Changes to spatial strategy as a result of evidence indicate that the current spatial strategy is not the most sustainable option or the council may decide to take a different approach to delivering place making and	Slippage to the timetable would occur and further consultation would need to be undertaken	Medium	The timetable would have to reverse a step and a further Regulation 18 consultation stage of the plan would need to be undertaken.

growth in the borough			
Changes to legislative framework or regulations – including Levelling Up and Regeneration Bill (LURB), review of NPPF and standard methodology for calculating housing need	Additional work to comply with changes to requirements for Local Plan and/or significant changes to the planning process would result in delays to plan production and the need to carry out further consultation	High	Ensure staff keep up to date with progress of the LURB etc especially any transitional arrangements and engage in any consultations/training events to anticipate incoming changes. Ensure work programme and
Reduction in Financial Resources required for Local Plan production (either in house council budgets or other external funding)	Delays in the production of the required evidence base and submission for Examination	Medium/High	Ensure that production for the Local Plan is appropriately budget profiled and funding ring fenced to complete the project. Look to make savings where possible, such as joint commissioning of any additional studies. Ensure regular budget monitoring to identify any funding gaps or savings to be made. See additional grant funding where possible.
Political change (borough) – following May 2023 local elections	Political priorities may shift, new portfolio holder/members take time to get up to speed, new administration may request substantial amendments to the plan	Medium/High	Ensure regular briefings are well attended by Members from all political parties, ensure early Member engagement on Local Plan issues soon after elections, SLT support Local Plan production and engagement with Members
Delays in formal decision making	Would result in slippage to	Low/Medium	Ensure all Members are fully briefed and

	timetable and potentially miss key milestones		engaged with prior to formal decision making. Early and regular engagement with SLT and Democratic Services where a formal decision needs to be accommodated within the democratic process.
Failure to meet the legal Duty to Cooperate	Could result in lengthy delays to plan production and potential for significant challenge at Examination and plan being found unsound	Medium/High	Ensure ongoing and effective engagement with DtC partners at officer and Member level where appropriate
Policy team required to do other un-programmed work including ad hoc requests such as advice on planning applications or appeals plus support of neighbourhood planning	Diverts team resources which may impact on progress and meeting key milestones.	Low/Medium	Local Plan recognition as a corporate priority and non-essential work minimised. Ensure early and regular engagement between planning colleagues to highlight where team capacity to take on other tasks will be limited. Clear service level agreement with neighbourhood planning groups and regular communication.
Joint working with neighbouring authorities and other organisations	Potential delays if key evidence base studies or Statements of Common Ground are not signed off by all relevant parties	Low/Medium	Ensure a robust approach to agreeing briefs, project timescales and contributions for any jointly commissioned work. Ensure early engagement on Statements of Common Ground with relevant parties.
Poor	Lack of	Medium	Ensure effective

communication with Parishes, residents and other community stakeholders	understanding and resultant support for vision and policy direction could lead to strong objections and challenges at Examination. Could lead to plan being found unsound. Potential for reputational damage and poor media coverage.		engagement with parishes and other key community stakeholders through the further development of the plan. Explain the importance of having an effective Local Plan in place. Undertake effective communication aimed at a wide-demographic.
Higher than expected response to formal Local Plan consultation	Analysis of responses is very time consuming and may result in significant changes to the plan to be made which would also affect the timetable and key milestones	Medium	Have a contingency in place to deploy additional resources for recording and appraising responses. Build in sufficient capacity within timetable to analyse responses.
Planning Inspectorate capacity to examine Local Plan	Delay in Examination of the Local Plan or receipt of the Inspector's Report will delay its adoption.	Medium/High	Close liaison with the Planning Inspectorate in the run up to submission of the plan for Examination. Take advantage of exploratory meeting invitation from PINs prior to submission
Additional requirements from the Inspector during Examination	Likely to cause delay to the hearing sessions and may require additional consultation to be undertaken. This may incur additional costs	Medium	Ensure submitted plan meets statutory requirements and national guidance and is based on robust evidence. Ensure team members and other support agents are thoroughly prepared to defend the plan through

			Examination
Potential third party challenges to the emerging new Local Plan (including any legal challenge when the plan is found sound)	Delays adoption of the Local Plan and delivery of the plans vision and objections. Possibility of the whole or part of the plan being quashed and therefore the need to start afresh.	Medium	Ensure plan complies with legislation and guidance and a robust evidence base underpins policies and spatial approach of the Local Plan. Seek Counsel advice early if a challenge is likely and anticipated.

4. LOCAL DEVELOPMENT DOCUMENT PROFILES

Local Plan Development Plan Document

Overview	
Role and subject	The Local Plan will set out the overall development strategy for Hinckley & Bosworth Borough for the period up to 2041. It will include strategic policies and allocate sites to meet identified development needs for homes, jobs retail, recreation/open space, nature conservation and other required land uses as identified by evidence. It will provide appropriate policies and guidance by which to determine planning applications for example design guidance, climate change adaptation, conservation, and protection of natural resources.
Geographical coverage	Borough-wide
Document type	Development Plan Document
Chain of conformity	It must be in conformity with the National Planning Policy Framework and reflect the Leicester and Leicestershire Strategic Growth Plan
Timetable	
Stage	Target date
Consultation on the Scope and Issues and Options	January-February 2018
Public consultation on New Directions for Growth paper	January- February 2019
Public consultation on Draft Plan (Regulation 18)	June-August 2021
Public consultation on submission Draft Plan (Regulation 19)	February – March 2022
Completion of outstanding evidence	December 2022 – May 2024
Public consultation on submission Draft Plan (Regulation 19)	May – June 2024
Submission to Secretary of State (Regulation 22)	August 2024
Estimated date for examination	December 2024/January 2025
Programmed date for adoption	August 2025

Arrangements for Production	
Organisational lead	The Planning Policy Team
Management arrangements	The Planning Policy Team will co-ordinate and manage work on a day to day basis. Elected Members will be briefed at pertinent stages in order to be appraised of the evidence findings and inform plan development.
External resources	<p>Support from Leicestershire County Council</p> <p>Formal and informal consultation responses from external stakeholders and service and infrastructure providers.</p> <p>Consultants to assist with the preparation of evidence-based documents and attendance at examination as required.</p>
Stakeholder and community involvement	Stakeholder and community engagement and consultation will be essential at each stage of production and the arrangements for this will be in line with the Local Plan Regulations and the Council's Statement of Community Involvement.
Monitoring and review	The DPD will be subject to regular monitoring and review to test the effectiveness of the policies and delivery of site allocations and the findings reported on an annual basis through the Authority Monitoring Report.

Gypsy and Traveller Allocations and Site Development, Development Plan Document

Overview	
Role and subject	To provide a policy framework containing land allocations and site specific guidance for gypsy and traveller pitches/sites up to 2041, in accordance with identified needs and evidence and the vision and spatial strategy set out in the Local Plan. The DPD will include the identification of sites for gypsy and traveller accommodations and will contain policies relating to proposals that require site specific conditions such as design guidance, conservation and protection of open spaces and criteria based policies against which planning applications for the development and use of land and buildings will be considered.
Geographical coverage	Borough-wide
Document type	Development Plan Document
Chain of conformity	It must be in conformity with the Local Plan and the National Planning Policy Framework and Planning Policy for Traveller Sites
Timetable	
Stage	Target date
Consultation on the Scope and Issues and Options	October 2024
Public consultation on Draft Plan (Regulation 18)	March 2025
Public consultation on submission Draft Plan (Regulation 19)	October 2025
Submission to Secretary of State (Regulation 22)	December 2025
Estimated programmed date for examination	April 2026
Programmed date for adoption	December 2026

5. Appendix 1

Local Development Scheme Programme

[illegible]



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	10 November 2022
Council	13 December 2022

Wards affected: All Wards

Acquisition & Development Strategy

Report of Chief Executive

1. Purpose of report

- 1.1 The purpose of this report is to agree a new strategy for acquiring assets and developing land as part of the Council's delivery of its services to stimulate and support regeneration and economic growth and to increase the supply of new affordable homes.

2. Recommendation

- 2.1 That members approve the Acquisition and Development Strategy.
- 2.2 That members approve a provision be made in the Capital Programme for the sum of £15m to facilitate borrowing through the Public Works Loan Board on a case by case basis as business cases are approved.
- 2.3 That members delegate authority to the Director of Corporate & Streetscene Services to make conditional offers for the purchase of land and/or property which meets the criteria in the Acquisition and Development Strategy. Such offers would be conditional subject to formal members approval in accordance with the Constitution.

3. Background to the report

- 3.1 In 2015 the Council established Hinckley & Bosworth Development Ltd, an incorporated wholly owned company with the aim of developing new housing outside its Housing Revenue Account.
- 3.2 The Council has been exploring new ways through which it can achieve its Corporate Plan objectives to grow the local economy and support business

growth and employment opportunities, encourage regeneration and stimulate the supply of new affordable housing.

- 3.3 In some instances it may be preferable for the Council to proceed with acquisitions or development under its general powers of competence rather than through the wholly owned company and sometimes the reverse may be true. Each proposal will consider this as part of the business case.

4. The Proposal

- 4.1 In addition to continuing to pursue opportunities which may be appropriate for the wholly owned company, the Council proposes to actively pursue the acquisition of assets and the development of land in accordance with a new Acquisition and Development Strategy which is appended to this report at Appendix 1. This is supported by a Technical Document at Appendix 2.
- 4.2 The Council proposes to concentrate acquisitions and development undertaken through the strategy within the borough boundary to ensure maximum localised impact, but the Council acknowledges that its functional economic geography (FEG) – the geography within which businesses transact and commuters travel - extends beyond the boundaries of the borough. The strategy establishes the FEG as a wider area taking in the Local Enterprise Partnership (LEP) areas of Leicester and Leicestershire and Coventry and Warwickshire; the Council is a member of both LEPs.
- 4.3 The Council understands that a successful wider FEG area is important to ensuring local economic growth and consequently the Council intends that the extent of the geography within which the Strategy will apply will be the administrative areas of the whole of Leicestershire including Leicester City and also Coventry and Nuneaton and Bedworth. This will enable the Council to benefit from opportunities which may not necessarily be available within the confines of the borough and also to mitigate against the risk of developing a portfolio of assets that may otherwise be limited in terms of geography, sector and scale.
- 4.4 The Council proposes to use its borrowing ability through the Public Works Loan Board (PWLb) to fund opportunities through the strategy and proposes to make initial provision in the Capital Programme for the sum of £15m to fund proposals which are brought forward and are supported by a detailed business case. The Council is cognisant of the latest HM Treasury advice on utilising borrowing through the PWLB which was published in May 2022 and will only be able to justify the utilisation of the PBLB funding to support service delivery and not to acquire assets as investments for yield.
- 4.5 The property market is dynamic and it will be important for the Council to be agile in its governance arrangements to ensure that suitable opportunities can be actively pursued whilst also maintaining robust and transparent governance arrangements. Once an opportunity has been identified that meets the criteria in the Strategy, the Estates and Asset Manager must be able to make a conditional offer to acquire the asset as ordinarily time periods

for offers are within a short timescale and generally would not allow for a formal decision-making process by Members. The conditional offer though will be conditional upon the Council completing the valuation of the asset, undertaking a survey, completing legal due diligence and being subject to the Council's final formal Member decision being made to complete the acquisition.

- 4.6 Once the valuation, survey and due diligence have been completed the full and complete business case will be presented to the Asset & Regeneration Member Working Group before the final decision being taken by the relevant body. Due to timescales generally involved between agreement of heads of terms and completion (usually 30-35 working days) it may not always be possible to present business cases to scheduled meetings in the municipal calendar and in such cases it is proposed that Extraordinary meetings are arranged as required.
- 4.7 In order to make transparent and informed decisions the Member Working Group and the relevant body will be presented with a full business case for every proposal that is recommended for completion. The business case will explain the justification of the proposal against the strategy and will include details of the Red Book valuation, the full building survey and the legal due diligence on title, leases, tenants etc. The business case will present details on the financial visibility of the proposal including sensitivity testing of potential scenarios for growth. Risks associated with the proposal will also be detailed as part of the business case. If the final decision to complete on the proposal is made by members, the Council's Estates and Assets Manager will work with legal and financial colleagues to progress to exchange and finally to completion as soon as practicable after the decision has been made to proceed.

5. Opportunities

- 5.1 There is an emerging opportunity for investment at Market Bosworth and it will be important that the Council has a strategy in place to provide the framework for considering it along with any other key opportunities. Full details of the proposal will be reported to members once the proposition and business case has been developed.

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

None – report will be taken in open session.

7. Financial implications (AW)

- 7.1 The proposed strategy sets a new budget requirement for this year of £15,000,000. This budget will be used to acquire new assets that fall within the set criteria of the Acquisition and Development Strategy (The Strategy) and will not require returning to Council for approval.

- 7.2 The Strategy will require a significant increase in PWLB borrowing, which is not allowed for “commercial” level investments. Commercial investments are where the primary reason for the activity is to generate yield. Examples of acquisitions considered held for yield under PWLB requirements include where borrowing is for the buying of land or buildings:
- To let out at market rates where previously operated on a commercial basis and will continue to be run on that basis by the local authority
 - Other than housing which will generate income and are intended to be held indefinitely rather than until the achievement of a trigger event
- 7.3 This will rule out higher risk commercial investments, and the Strategy proposed is specifically aimed at normal regeneration and development activity that HBBC have been historically involved in. However, this does mean that finding suitable acquisitions that cover costs and provides a net return safety margin of at least 1.25% or 2% respectively will be harder to find. The table below shows what level of gross return would be needed to cover these net requirements.

Table 1		
Rate of return requirements	Minimum 1.25% net return	Minimum 2% net return
Investment before Stamp Duty	£13,987,500	£13,987,500
Acquisition costs (6.75%)	£1,012,500	£1,012,500
Rate of return Calculation		
Financing cost (PWLB 4.27%)	£640,500	£640,500
MRP (50 years)	£300,000	£300,000
Admin (10%)	£30,000	£30,000
Total Annual costs	£970,500	£970,500
Net Rate of return 1.25%/2%	£187,500	£300,000
Gross rate of Return required	£1,158,000	£1,270,000
Gross % return on £15m	7.7%	8.5%

- 7.4 This table shows that if the minimum safety threshold return margin of 2% is required, a gross return of 8.5% is needed. The 2% tenet is the more prudent target and should be considered the minimum proceed threshold, unless an acquisition has a very low risk assessment, and 1.25% is considered acceptable.
- 7.5 The Strategy includes the possibility that acquisitions may be made outside the borough boundary in the wider LEP area, although the preference will always be to focus within the borough. The Council is mindful of the UK Debt Management Office advice regarding the use of PWLB, professional advice will be taken to ensure acquisitions outside the council's complies with current requirements.

8. Legal implications (MR)

- 8.1 There are several general and specific powers available to the Council in relation to the acquisition of assets:

- a) Section 120 Local Government Act 1972 empowers the Council to acquire by agreement any land whether inside or outside its area for the purposes of any of its functions or for the benefit improvement or development of its area
- b) Section 12 of the Local Government Act 2003 gives the Council the power to invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs
- c) The Localism Act 2011 provides a general power of competence for local authorities. It gives local authorities the same power to act that an individual generally has and provides that the power may be used in innovative ways, that is, in doing things that are unlike anything that a local authority - or any other public body - has done before, or may currently do.

9. **Corporate Plan implications**

- 9.1 The Borough Council's Corporate Plan 2022-25 sets out the Council's overarching aims and objectives for improving the social, environmental and economic wellbeing of the borough for its residents, businesses and visitors. One of those objectives is *"encouraging sustainable economic and housing growth, attracting businesses, improving skills and supporting regeneration"* and one of the means by which that is to be achieved is to *"provide direct investment in economic opportunities where opportunities arise and subject to the business case."*

10. **Consultation**

- 10.1 None resulting from this report.

11. **Risk Implications**

- 11.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 11.2 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. All risks associated with the proposed Strategy are set out within the supporting technical documents attached.

12. **Knowing your Community - Equality and Rural Implications**

- 12.1 The intention of the Strategy is to improve opportunities for the borough's community through the stimulation and growth of the local economy and the increase in housing choice and availability.

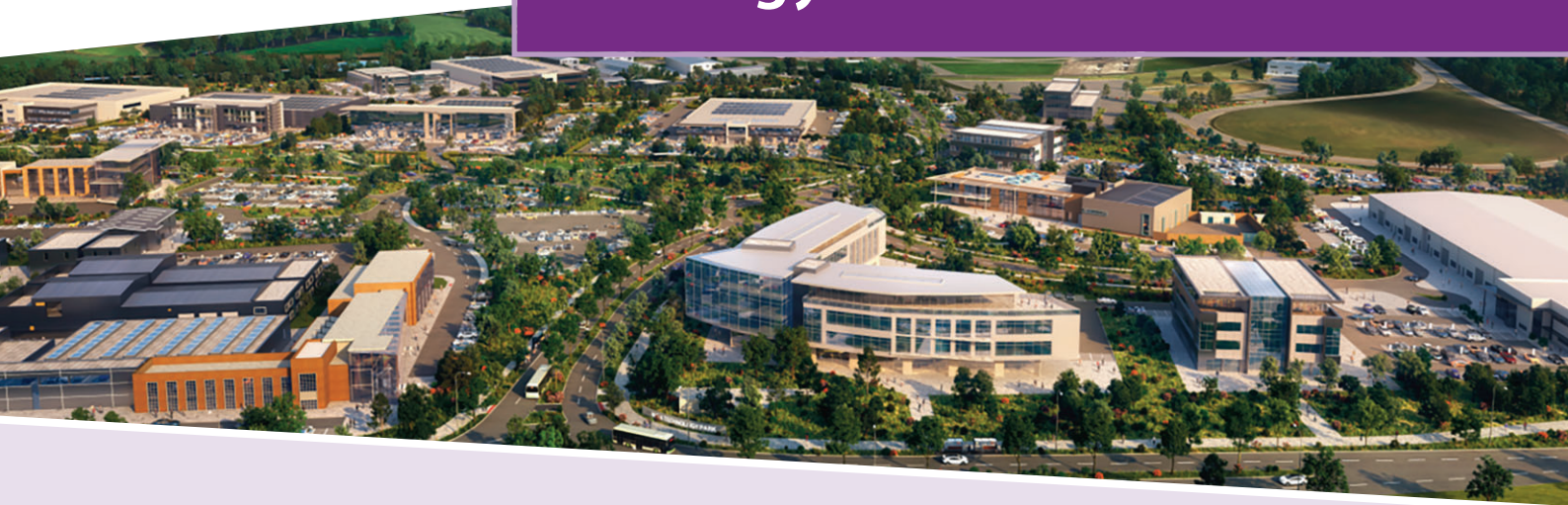
13. **Climate Implications**

- 13.1 The impact of the strategy on climate change will be considered through individual business cases as they are presented for consideration.

Background papers: Council report 17 March 2015 - Housing Development Company

Contact officers: Malcolm Evans & Ashley Wilson
Executive member: Cllr K Lynch, Executive Member for Finance, ICT, Asset Management and the Voluntary Sector

Acquisition and Development Strategy



A new strategy for acquiring assets and developing land in house to:

- stimulate and support regeneration and economic growth, and
- boost the supply of new affordable homes.

It aims to enable:

1. land and property acquisitions
2. development or redevelopment of the Council's existing or acquired assets for service delivery purposes
3. delivering new housing opportunities
4. creating social or economic value within the area from which the Council derives economic benefit.



The background

- As a council we already have powers to acquire sites for development which we will continue to use, however there may be financial or other benefits to using an arm's length company. HBBC established Hinckley & Bosworth Development Ltd in 2015, aiming to develop new housing.
- Now we also propose to actively pursue acquiring assets and land in line with the new Acquisition and Development Strategy.

Geography

- We'll concentrate acquisitions and development within the borough boundary to ensure maximum local impact, but the strategy's functional economic geography (FEG) – the area businesses trade and commuters travel in – extends beyond the boundaries of the borough.
- The strategy establishes the FEG as a wider area taking in the Local Enterprise Partnership (LEP) areas of Leicester and Leicestershire and Coventry and Warwickshire; the Council is a member of both LEPs.
- This will enable the Council to benefit from opportunities which may not necessarily be available within the confines of the borough and also to mitigate against the risk of developing a portfolio of assets that may otherwise be limited by geography, sector or scale.

Principles

- **Consistency** – This strategy establishes a framework for identifying appropriate opportunities.
- **Challenge** – We'll create a robust viability appraisal and business case for each opportunity to determine whether to acquire or develop the asset. Financial modelling must demonstrate whether the investment meets or ideally exceeds the Council's minimum expectations for return. Each business case will also recommend whether the acquisition is to be held by the Council or through the development company,
- **Agility** – We need to respond without delay when opportunities arise and to be in a position to assess acquisition opportunities consistently. The property market is dynamic so it's important for the Council to be agile to ensure that suitable opportunities can be actively pursued whilst also maintaining robust and transparent governance arrangements.
- **Expertise** – we'll use our procurement process to ensure we are using suitably qualified valuers, quantity surveyors and building surveyors to ensure that decisions we take are based on professional advice.

Funding

- Borrowing through the Public Works Loan Board (to support service delivery and not to acquire assets as investments for yield, a requirement of this funding source).
- Capital Programme fund of £15m to fund proposals which are brought forward and are supported by a detailed business case.

Corporate plan objectives

This strategy supports our Corporate Plan objectives to:

- grow the local economy
- support business growth
- support employment opportunities
- encourage regeneration
- stimulate the supply of new affordable housing.



Links with other strategies:

- Property Asset Management Plan (AMP) 2022 to 2025
- Economic Regeneration Strategy 2021-2025
- Asset Management Policy
- Building Maintenance Plan
- Property Maintenance Policy.
- The Council's Economic Regeneration Strategy 2021-2025





Hinckley & Bosworth
Borough Council

ACQUISITION AND DEVELOPMENT STRATEGY: TECHNICAL DOCUMENT

NOVEMBER 2022

Acquisition & Development Strategy

Introduction

1. Hinckley & Bosworth Borough Council is a proactive authority, engaging with partners and positively delivering services across its economic, regeneration and housing services as a means of achieving its overall corporate aims. The Council actively innovates and explores new ways in which it can deliver its services and improve outcomes for its residents and businesses. In 2015 it established Hinckley & Bosworth Development Ltd, an incorporated wholly owned company with the aim of developing new housing outside its Housing Revenue Account. As part of its continued exploration of new ways to drive local economic development the Council intends to pursue this Acquisition and Development Strategy as a means of actively intervening in the local market to deliver new employment, regeneration and housing opportunities.

Aims and Ambition

2. This strategy aligns to the Council's overall corporate ambition of creating 'A Place of Opportunity' and to secure the sustainable economic development of the Borough. Its aim is to actively pursue investment and development opportunities to:
 - Drive Local Economic Regeneration and Development
 - To Grow the Local Economy
 - Create new job opportunities
 - Improve availability of new Affordable Housing

The Operation of the Acquisition & Development Strategy

3. The purpose of the Strategy is to guide the use of the Borough Council's actions to make land and property acquisitions and in some cases to undertake the development or redevelopment of the Council's existing or acquired assets for service delivery purposes including, but not limited to, supporting economic redevelopment or regeneration, delivering new housing opportunities or to create social or economic value within the

borough or within the Functional Economic Geography (FEG) from which the Council derives economic benefit (Appendix 1).

4. In establishing the geography within which the Acquisition and Development Strategy will operate, the Council will use the wider FEG from which it derives strategic economic benefit and in which the Council therefore has a vested interest in ensuring the success of.

The Council is a member of the Leicester & Leicestershire Local Enterprise Partnership (LEP) and because of its functional economic interconnectivity with Coventry, is also an associate member of the Coventry & Warwickshire LEP.

5. Whilst it will always be the Council's preference to pursue the Strategy within the borough area to support housing, regeneration and local economic development, the Council recognises that economic growth is dynamic and transcends administrative boundaries. The local economy which interplays within and across the Hinckley and Bosworth Borough Council area derives from the wider FEG. The Council therefore has a vested interest in supporting the growth of the wider functional economic geography including the LEP areas on the basis that it will benefit locally from the wider Leicestershire hinterland success. The Council also acknowledges that whilst its strategic focus and priority will remain within the borough, there will be opportunities available across the wider geography which are not available within the borough. These will also be considered under this strategy in order to mitigate risk associated with localised property acquisition that will be reduced by assembling a portfolio of property across a wider geographic spread, as well as sector and asset size spread. To this end therefore the Council will consider using the Strategy to support this wider economic benefit covering the local government administrative areas within Leicestershire, Leicester City, Coventry and Nuneaton & Bedworth.
6. The Council acknowledges the latest HM Treasury guidance on the use of PWLB borrowing (Appendix 2) and proposes that any assets supported through this Strategy will be held for the benefit of housing, regeneration and economic development purposes.

7. The Council understands the importance of developing a robust viability appraisal and business case on an opportunity by opportunity basis to enable the Council to determine whether to acquire or develop the asset; this Strategy is important in establishing a framework to guide the Council in identifying appropriate opportunities. The Council is mindful that in some circumstances it will need to respond without delay when opportunities arise and to be in a position to assess acquisition opportunities in a consistent and systematic manner but should also be able to move quickly when a compelling opportunity arises. The Council is careful to balance this against the need for robust decisions to be made, involving its Members.

The Council's process for determining opportunities under this Strategy is set out in Appendix 3.

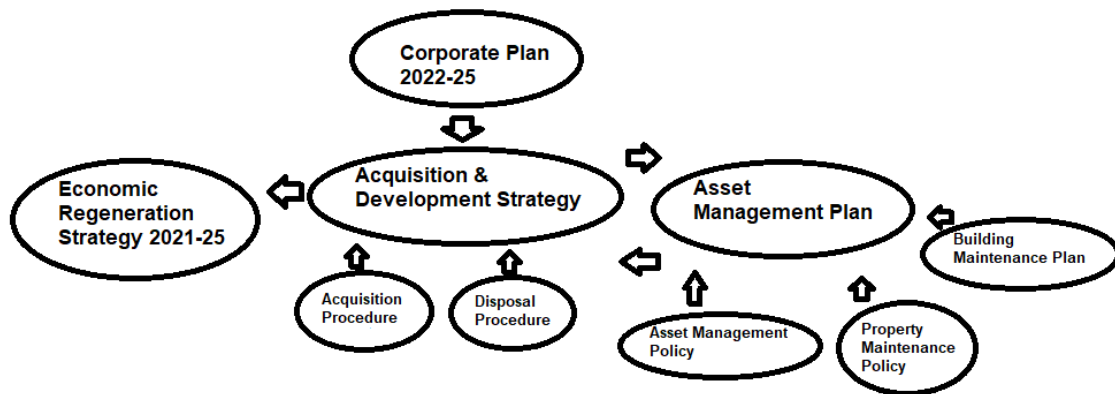
16. The Council understands the importance of external expertise to support its decision making process and using its procurement process will establish a framework of suitably qualified valuers, quantity surveyors and building surveyors to ensure that decisions taken by the Council are based on professional advice including 'Red Book' valuations and building condition surveys. This framework will be renewed every three years and professionals will only be used that hold the appropriate and current qualifications.
17. Each acquisition opportunity will be supported by the external 'Red Book' valuation and building condition survey information, including where appropriate asbestos and mechanical and electrical surveys. Each proposal will be required to demonstrate through a robust business case and financial modelling that is proportionate to the cost of acquisition and that it meets or ideally exceeds the Council's minimum expectations for net return. Each business case will also recommend whether the acquisition is to be held by the Council or through the development company, acknowledging that returns to the Council on any asset held in the development company will be through interest payments on loans made to it by the Council and/or in profit distribution by way of a dividend payment to the Council as sole shareholder.

Strategic Inter-relationships

18. The Borough Council's Corporate Plan 2022-25 sets out the Council's overarching aims and objectives for improving the social, environmental and economic wellbeing of the borough for its residents, businesses and visitors. One of those objectives is *"encouraging sustainable economic and housing growth, attracting businesses, improving skills and supporting regeneration"* and one of the means by which that is to be achieved is to *"provide direct investment in economic opportunities where opportunities arise and subject to the business case."* The Borough Council sees its ability to acquire and develop assets through this strategy as a key means by which it can actively deliver improved employment outcomes through economic growth, improved housing opportunities through direct intervention and improved wellbeing through regeneration and redevelopment opportunities.
19. This strategy should be read alongside the Borough Council's other linked plans and strategies, namely the Property Asset Management Plan (AMP) 2022 to 2025 , and the Economic Regeneration Strategy 2021-2025. The AMP sets out the overarching strategic approach to the use of assets to deliver regeneration projects, support economic growth, revitalise town centres, foster business opportunities and promote social interaction. In short the AMP supports the broad aims of the Borough Council to promote, economic, social and environmental wellbeing through the positive use of its assets. The AMP recognises that there will be opportunities to extend and compliment the Council's estate, provide quality employment and residential opportunities and generate additional revenue as well as identifying opportunities for capital disposals that will enable recycling into improved service delivery.
20. The AMP is accompanied by an Asset Management Policy, a Building Maintenance Plan and a Property Maintenance Policy. All combined set out the Council's comprehensive approach to how it will use its assets and these support and complement this Acquisition and Development Strategy.
21. The Council's Economic Regeneration Strategy 2021-2025 contains within its vision the desire to *"attract and sustain investment, business growth and entrepreneurship"*. As part of the strategy under the 'Places' theme the Strategy the Council

also sets out its ambition to bring forward employment sites and facilitate quality 'move on' space for growing businesses. Under the 'Prosperity' theme the Council proposes to use the Local Plan to identify new opportunities for redevelopment and investment with a particular reference to new 'start up' and 'grow on' opportunities. The Acquisition and Development Strategy will enable the Council to realise its economic aims through direct intervention to acquire and develop asset opportunities which support local businesses and help them to grow, attract new business into the borough and support the long term growth of the Functional Economic Geography (FEG) of Hinckley and Bosworth.

22. The Council also has procedural documents which set out operationally how the Council deals with acquisitions (Appendix 4) and disposals (Appendix 5) and these explain the operational management of the acquisition and disposal of assets.
23. The inter-relationships of the Council's strategies can be shown diagrammatically:



The Principles of the Strategy

Rate of Return

24. The experience of asset business case development elsewhere indicates that a gross yield of upwards of 5% on the value of the investment will be necessary for the proposal to be viable for the Council, taking into account its borrowing costs and other overheads.

The Strategy therefore will require an indicative minimum net return of 1.25%. The minimum rate of return would be limited to business cases meeting the excellent/very good investment criteria in Appendix 3 or having strong economic development grounds and good/acceptable acquisition criteria. Business cases outside of this will require a net rate of 2% return. These indicative rates are similar to those achieved by the many other Councils with developed property portfolios and whilst modest, are thought to be realistic. Officers will continue to modify them based on professional advice and prevailing market conditions. Table 1 below illustrates that this could make a contribution towards closing the funding gap of between £250,000 to £400,000 per annum.

Table 1 Rate of Return Requirement	Minimum 1.25% net rate of return	2% rate of return Basis Investment
Investment before Stamp Duty	£18,735,000	£18,735,000
Acquisition costs 6.75%	£1,265,000	£1,265,000
Total purchase Cost	£20,000,000	£20,000,000
Rate of Return calculation		
Financing costs (PWL B interest 3.2%)	£640,000	£640,000
MRP 50 year	£400,000	£400,000
Admin cost	£64,000	£64,000
Total annual costs Cost	£1,104,000	£1,104,000
Net rate of return	£250,000	£400,000
Gross rate of Return required	£1,354,000	£1,504,000
Gross rate of Return on £20m	6.8%	7.5%
Breakeven rate of return	5.5%	5.5%

25. Not all asset proposals fit neatly within the Council's potential portfolio of assets set out below and there may be occasions that propositions fall outside the generalised type of asset this strategy covers e.g. a proposal falls short of the criteria threshold, but there is an overriding explicit justification for still considering it, a property may be vacant when purchased but have alternative use potential or the acquisition may involve land or property which is past its useful economic life but which has significant redevelopment potential. These would all be required to have a fully developed supporting business case which is agreed by Members but would not be automatically rejected initially because they don't fit the expected 'norm'.
26. Returns from the acquisition or development of property can be by way of both income (rent) received and appreciation of the underlying value (capital growth) and consideration will need to be given to both of these factors to understand the total return on any proposal. The Council also recognises that by acquiring property it can have direct benefits such as Business Rates or Council Tax income as well indirect benefits through increased confidence in the local economy. Property prices are a function of property type, location, age etc together with the lease arrangements and the covenant strength of tenants. Within the property investment market there can be a wide spread of returns (yields) relating to the characteristics of the asset investment in question. The yield reflects the risk that investors associate with securing a long-term income, including the potential for growth. So, in Appendix 3 below, those investments on the left hand side of the table will be associated with lower yields and those on the right with higher yields. The range might be anything from 4%-6%% in prime locations to 9%+ in secondary and tertiary locations. Indicatively, good quality office and industrial property acquisitions will provide a gross income return of 6%+, (lower for modern single let industrial/distribution), whilst equivalent retail property income yields will be in excess of 6% (food retail at c.5%+).
27. The Council will consider whether returns from asset opportunities are acceptable on a case by case basis taking into account the criteria set out in Appendix 3 below and the location of the opportunity. More risky proposals (with a higher yield) should produce a higher return than less risky proposals with a lower yield, this is the basic risk/reward principle. All proposals

will initially be screened against the pass/fail criteria of whether the costs of borrowing can be met and using Net Present Value (NPV) and Internal Rate of Return (IRR) calculations; schemes that produce a positive NPV and an IRR in excess of the cost of capital will then be assessed against the criteria set out in Appendix 3.

Identification of Opportunities

28. The Council will select potential assets for the purpose of regeneration or economic development (including housing) or a mixture of both, that meet the tests of viability that the Council has set. The Council may acquire and hold properties directly or through the development company; all these factors will be determined on a business case by case basis. The Council will prioritise opportunities within the borough but will also retain the discretion to pursue proposals outside the borough within the functional economic geography from which the borough benefits economically. The Council may use the Strategy in the development of its own assets, acquire assets for development or acquire existing assets.
29. The Council will continue to monitor prevailing market conditions to enable the Council to reserve discretion to acquire assets that may fall outside the criteria outlined above if a strong case can be made that the proposal provides an exceptional opportunity to promote the Council's main priorities and values as described in this Strategy. The Council will seek advice where required from external advisors to support its market analysis.
30. Having assessed opportunities against their ability to cover borrowing costs by calculating NPV and IRR of the proposed opportunity, further evaluation will then be undertaken against a comprehensive set of defined property specific criteria as set out in Appendix 3 below. The Council will consider these criteria and seek to achieve the appropriate balance of risk and reward proportionate to the size of the proposal being considered. The Council will score each proposal using the matrix (unless the proposal is unique and does not fit the usual evaluation methodology); any proposal will need to score a minimum of 250 to be considered acceptable as a suitable opportunity. Those proposals scoring 250 and above will then be subject to further appraisal including building survey and formal valuation work.

31. In considering its costs against a gross return the Council will need to consider some or all of the following when developing the business case for proceeding:
- Finders' Fees approx (1%)
 - Legal Fees approx (0.5%)
 - Survey and Valuation and due diligence fees approx (0.5%)
 - Stamp Duty Land Tax (5% on freehold purchases over £250K)
 - Finance Costs including minimum revenue provision (circa 5%)
 - Marketing and other rent incentives
 - Agents' letting fees
 - Void Business Rates/Council Tax (tenants should be covering these in occupied units)
 - Repairs and maintenance (depending on lease type (probably covered in a service charge)
 - Running costs of building, including building management (depending on lease type may be covered in a service charge)
 - Opportunity cost of alternative use or sale of the asset
 - Costs to manage the portfolio and properties (non-recoverable)
 - Conversion or fit out costs
 - Dilapidations
32. The Council may hold property assets either directly or indirectly. Direct property holding gives the Council full control over the property and responsibility for its management. Indirect property holding is where the asset is held through the development company and will be necessary primarily where the Council is to act in the private rented housing market.
33. Any direct asset acquisition would be subject to purchaser's costs, typically these would include legal fees, agent valuation and survey fees together with Stamp Duty Land Tax (SDLT), typically these will amount to 6-7% of an asset purchase price. In addition, the Council will have to take into account the cost of borrowing through PWLB and an amount for minimum revenue provision.

Risk Management

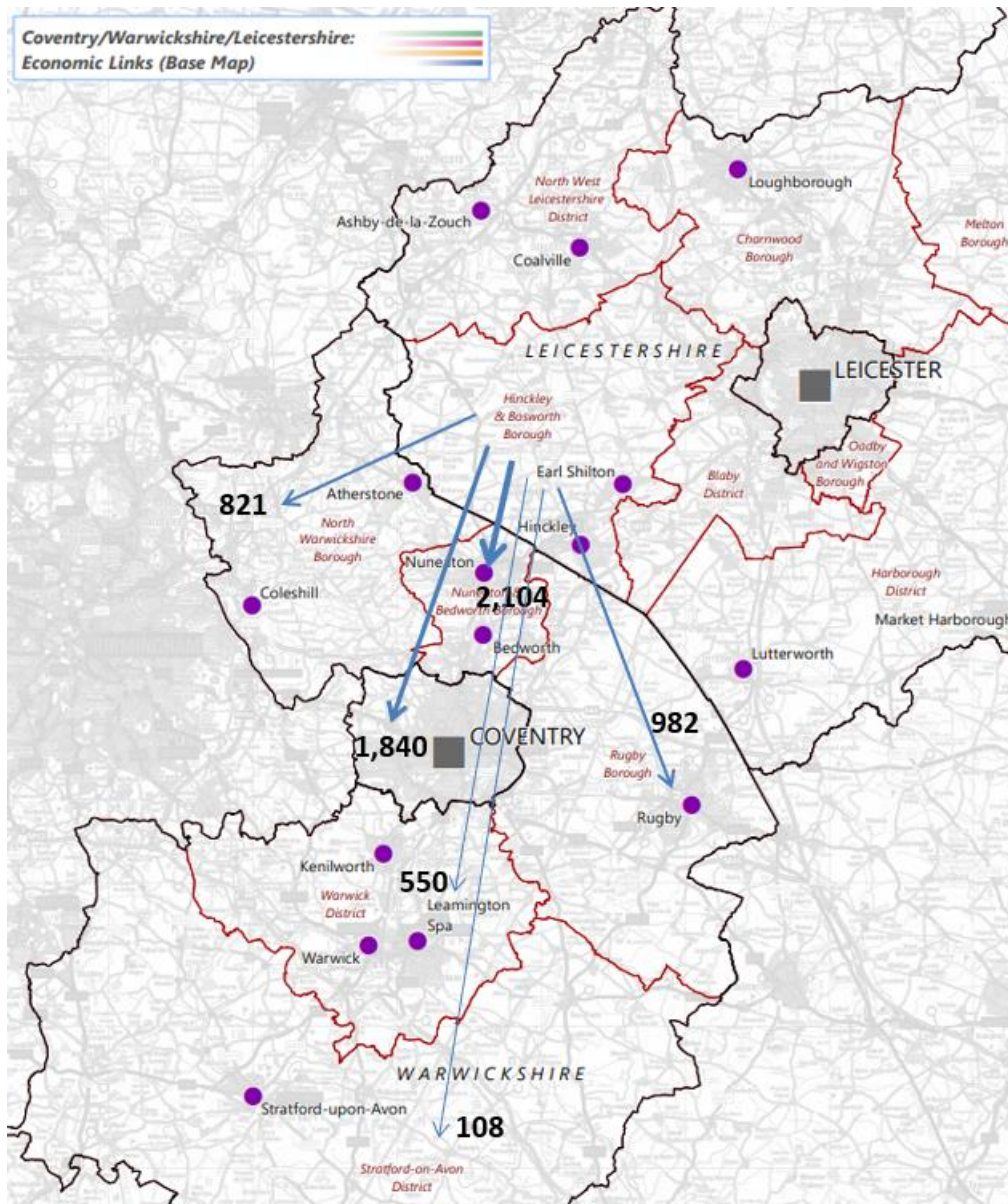
34. It is necessary for the Council to take a prudent approach to the management of its financial affairs and when assessing proposals under the Strategy the Council will need to carefully consider the balance of risk and reward and in doing so will consider such factors as the security against loss, the liquidity of the proposal, the yield, affordability of the loan repayments, change in interest rates and property values (see Appendix 6 below). As part of this approach the Council will consider each proposal carefully in terms of the ability of the underlying asset to provide security for the capital outlay.
35. In terms of management of risk it is understood that there are inherent risks associated with the use of the Strategy and each business case will be required to identify the risks associated with that individual proposal and the Council will need to balance risk and reward proportionate to the scale of the proposal. Whilst not exhaustive, Appendix 6 sets out some of the risks the Council will be expected to consider.
36. The overall portfolio value and range of assets acquired using the Strategy needs to represent a good mix and spread of risk, size, sector and location across differing sectors to ensure that the portfolio is resilient to change that might lie outside the Council's control. It is important that the Council maintains an adequate level of reserves and balances to ensure it can manage any downturn in the property market and limit the impact it will have on revenue income. The Council will also consider favourably opportunities which allow for growth in rental income and overall capital value of assets. It is the Council's strategic intention to grow the capital value of the overall portfolio by acquiring some assets to which value can be added quickly and the asset recycled for disposal at an enhanced capital return; the capital return being re- invested and recycled into future opportunities.

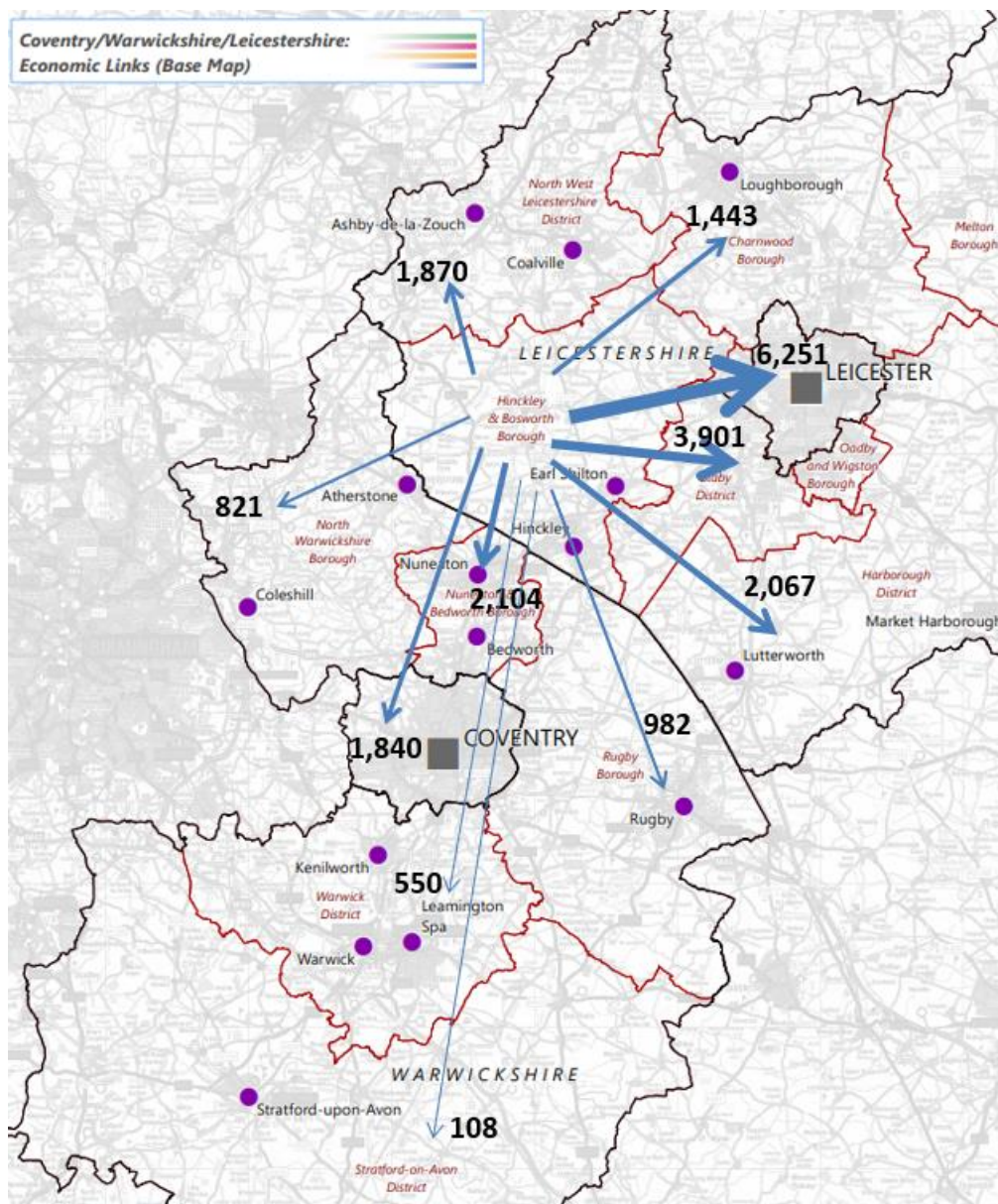
Portfolio Management

37. It is also important that the Council plans sufficient resources to actively manage the assets it acquires or develops. At an operational level this will be undertaken by the Council's Estates and Assets Manager. The Council will need to keep under review the capacity to manage assets in house and may at some point decide that extra resource is required or to outsource this function. In terms of strategic performance monitoring this will fall to the Head of Finance to ensure that the assets are delivering the revenue and capital growth returns that were envisaged and to act in the Council's financial interest.
38. The Council understands that acquiring and developing property assets requires a long term strategic view to meet its objectives and will always be prepared for short term market fluctuations. The Council will always endeavor to adhere to its long term service delivery objectives with a focus on building capital and revenue growth. The Council will though consider the strategic disposal of assets that are underperforming or no longer meet the Council's objectives or to take advantage of a rising market to enhance the overall portfolio value. As part of this management of the portfolio the Head of Finance will consider the liquidity needs of the Council and form a view of the prevailing market conditions to determine whether it would be necessary and/or advantageous to dispose of any of its assets.
39. Subject to resource availability the Estates & Asset Manager will provide regular reports on management issues and the performance of the portfolio. The Council's Asset & Regeneration Group will receive a report from the Estates & Asset Manager quarterly with bi-annual reporting to the Council's Scrutiny Commission which will update on the overall asset portfolio against expectations at the time of purchase and performance against prevailing market conditions. These reports can be made available to other meetings of the Council

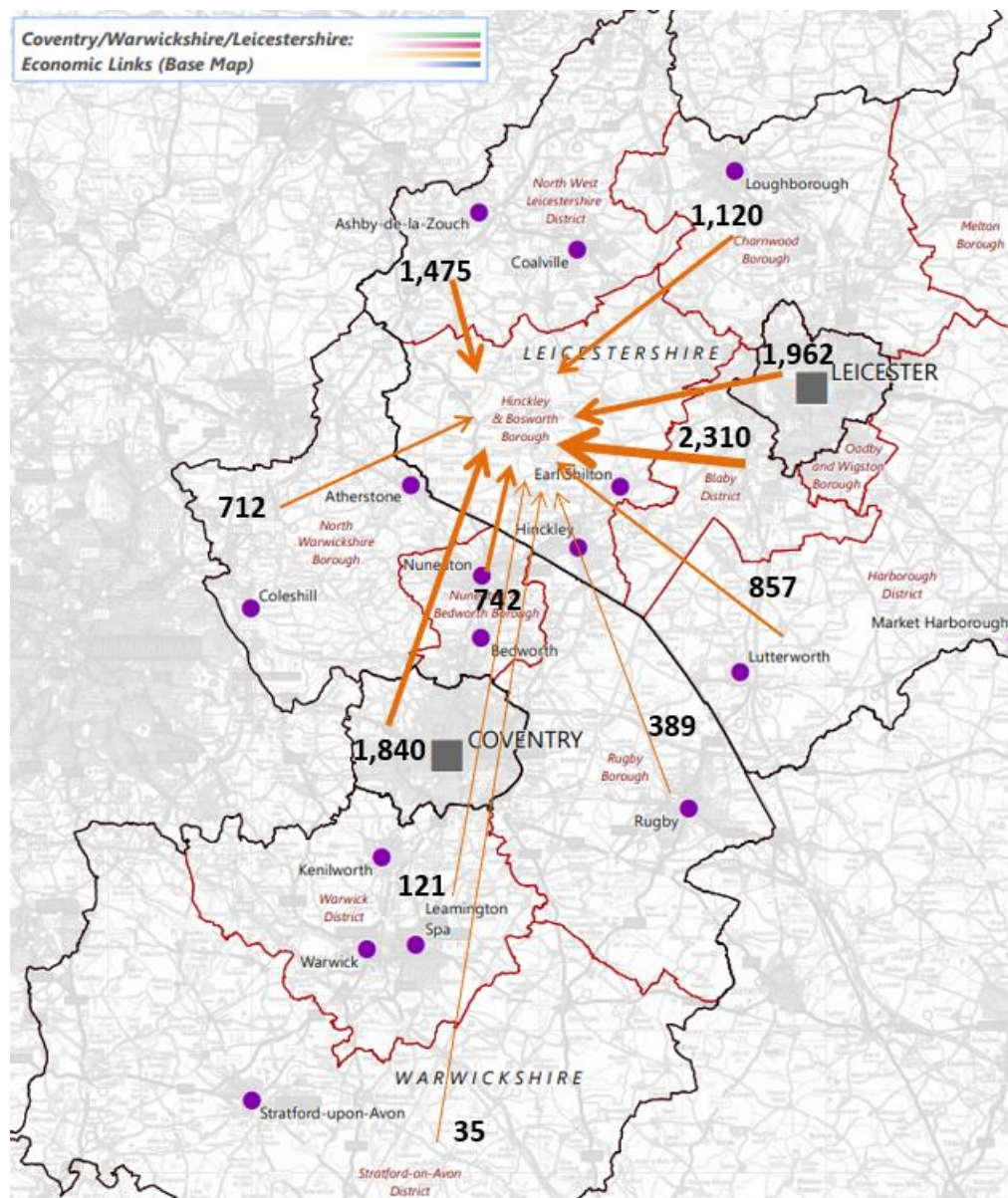
Functional Economic Geography (FEG)

1. Evidence from the 2011 census indicates that of the resident population in Hinckley & Bosworth, just under seventeen and a half thousand people also work within the borough; just over six and a half thousand commute into the Coventry and Warwickshire area (principally Nuneaton and Coventry); and just under seventeen thousand work elsewhere in Leicestershire.

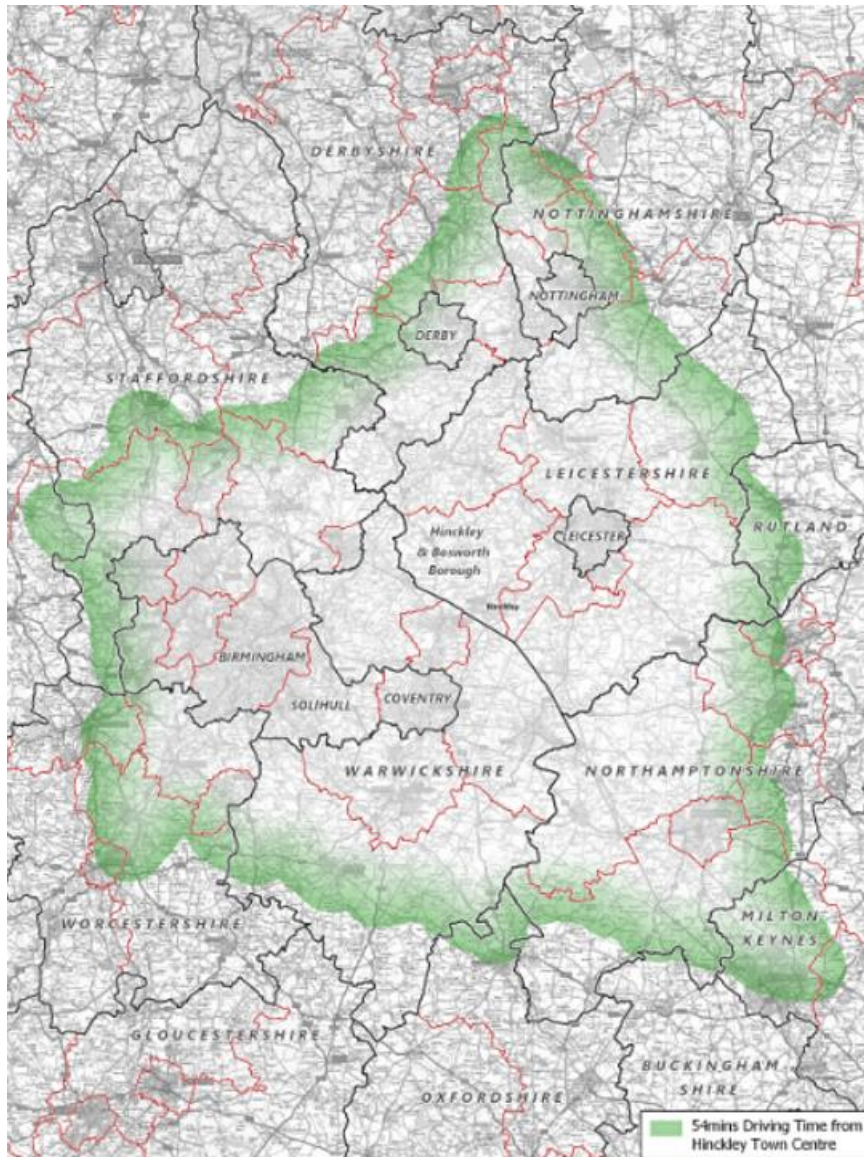




Of those living outside the borough but travelling into the borough to work, just over eight thousand live in Leicester and Leicestershire and over four thousand seven hundred live in Coventry and Warwickshire.



This commuting interconnectivity is due in part to the accessible highway network in and around the borough which benefits from the A5 providing the east/west corridor to the south of the borough, the M69 & M1 to the east and the M6 & M42 to the west. The UK average commute time of 54 minutes opens up a considerable range of potential commuting into and out of the borough.



2. In June 2022 Icen Projects Ltd updated their report 'Leicester & Leicestershire Housing and Economic Needs Assessment' (HENA) which defined a Leicester and Leicestershire Functional Economic Market Area (FEMA) which reflected strong economic relationships between the City of Leicester and Leicestershire, with high commuting self-containment within the area. The HENA included a detailed analysis of the housing and economic geographies and from a housing perspective it concluded that *"Leicester and Leicestershire authorities are an appropriate 'best*

fit' for the functional HMA [Housing Market Area] using local authority boundaries."

The economic market area geography (FEMA) was reviewed through the analysis of economic and commuting inter-relationships and reinforced previous 2017 findings that the Leicestershire FEMA comprised the central City and wider hinterland of market towns, of which Hinckley is one. This is described as the Greater Leicestershire FEMA. It was also recognized though that Leicester's influence also extends across the A5 into Nuneaton, and as above this is also true for Hinckley and Bosworth.

Hinckley and Bosworth Borough clearly enjoys the housing and economic interactivity that would be expected within the Leicestershire county area, but also has strong economic links to Coventry and Nuneaton which also make up its FEG.

HM Treasury Guidance

1. The latest guidance on PWLB borrowing was published in May 2022 and can be found here:

[PWLB guidance for applicants \(updated\) V1.docx \(dmo.gov.uk\)](#)

2. In the guidance the government reiterates its support for local investment in part by offering low-cost loans to local authorities through the PWLB. The purpose of the PWLB, the guidance says, is to offer long-term affordable loans to support local authority investment in service delivery, housing, economic regeneration, treasury management and occasionally preventative action under the prudential regime. The guidance makes it clear that the PWLB cannot be used by councils investing in assets primarily for yield. This latter activity has been what many councils have hitherto been using PWLB for. This is a really important point recognised in this strategy; the Council is not seeking investment opportunities for yield in acquiring new assets, but rather the delivery of its services which may involve the acquisition of new assets using PWLB.
3. The guidance makes clear what constitutes service delivery under the areas identified above. Service delivery is defined as “*expenditure on assets that form part of the authority’s public service delivery*”. Ultimately it is for the Council’s s151 officer to categorise items of expenditure as service delivery. Housing is clearly part of service delivery and can include all expenditure on delivering new homes, maintaining and improving existing homes and purchasing new build properties (a distinction needs to be maintained between the development of new homes through the Housing Revenue account (HRA) and the development of new homes outside the HRA. A new HRA Investment Strategy is being developed and this will reinforce the differences between the two approaches). Regeneration can also be included where it involves acquisition of assets to generate social or economic benefits and usually involving some or all of addressing market failure, acquiring assets to develop and improve them and generating activity such as job creation or social or economic value that wouldn’t have come about without

the authority's actions. Preventative action is also considered appropriate for councils to use PWLB borrowing for, this is where the council may directly support local companies or acquire assets to protect jobs or to prevent social or economic decline. In these instances, the authority must be able to demonstrate that its actions prevented a negative outcome, that there was no other realistic prospect of support, that it has an exit strategy and that the intervention creates a balance sheet asset such as grant, loan, sale and leaseback.

4. Investment assets bought primarily for yield are assets that serve no service function but are held primarily to generate an income. The authority is unable to use PBLB as a source of finance for such acquisitions. If the Council were to source external funding on the commercial market for acquisitions that are intended to generate an income then it will be prohibited from borrowing from the PWLB for that financial year for any purpose.

Portfolio Criteria

40. The Council aims to hold a mix of the following as its target portfolio:

- I. Retail assets that:
 - i. Are located in vibrant city centre, town centre or local centre locations; or
 - ii. Are located in out of town retail parks; or
 - iii. Are located on key transport corridors where there are local regeneration benefits; and
 - iv. Are let to tenants with a good covenant and a minimum of five years unexpired lease term; or
 - v. Are let to tenants with lesser terms where the Council has alternative regeneration/re-purposing reasons for investing; and
 - vi. Produce a gross return on investment that meets agreed viability criteria; and
 - vii. Are in lot sizes of £250k - £5m.
- II. Office assets that:
 - i. Are in vibrant city centre, town centre or local centre locations; or
 - ii. Are located on business parks; and
 - iii. Are let to tenants with a good covenant and ideally at least five years unexpired lease term; and
 - iv. Produce a gross return on investment that meets agreed viability criteria and
 - v. Are in lot sizes of £1m - £5m.

- III. Industrial/Warehouse assets that:
 - i. Are located on good highway routes; or
 - ii. Are located on vibrant industrial estates; and
 - iii. Are of modern construction and capable of flexible layouts; and
 - iv. Are let to tenants with a good covenant and ideally a minimum of five years unexpired lease term; or
 - v. Are let to tenants with lesser terms where the Council has alternative regeneration reasons for investing; and
 - vi. Produce a gross return on investment that meets agreed viability criteria and
 - vii. Are in lot sizes of £250k - £5m.
- IV. Leisure/ Food & Beverage assets that:
 - i. Are located in vibrant city centre, town centre or local centre locations; or
 - ii. Are located in out of town retail parks; or
 - iii. Are let to tenants with a good covenant and ideally at least five years unexpired lease term; and
 - iv. Produce a gross return on investment that meets agreed viability criteria and
 - v. Are in lot sizes of £500k - £5m.
- V. Mixed Use assets:
 - i. The Council will consider combinations of mixed residential, retail, leisure and office investments that meet a blend of the criteria set out above.

- VI. Residential assets that:
- i. Enable the Council to deliver its strategic housing service more effectively
 - ii. Are located in sustainable locations with good access to services
 - iii. If already tenanted, are let on suitable lease terms
 - iv. Are in lot sizes £250k - £5m

Criteria	score	5	4	3	2	1
	Weight	Excellent / very good	Good	Acceptable	Marginal	Poor*
Location	20	Major prime	Micro prime	Major secondary	Micro secondary	Tertiary
Tenancy strength	20	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength
Tenure	10	Freehold	Lease 125 years plus	Lease between 75 & 125 years	Lease between 10 & 75 years	Lease less than 10 years
Occupiers lease length	20	Greater than 15 years	Between 10 and 14 years	Between 9 & 6 years	Between 3 & 5 years	Less than 2 years or vacant
Repairing terms*	10	Full repairing & insuring	Internal repairing - 100% recoverable	Internal repairing - partially recoverable	Internal repairing - non recoverable	Landlord
Building Quality / Obsolescence	15	Newly Built	Recently Refurbished	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life/ use unlikely to continue when lease expires
Investment size	5	Up to £5m	From £5m to £10m	From £10m to £15m	From £15m to £20m	Above £20m

** unless there is an overwhelming case for investment that exceeds the Council's expectations*

Criteria Explained:

Location

Major prime locations will be the main city centres of Leicester and Coventry, with micro prime being the outskirts of these two city centres. Major secondary locations are Hinckley, Nuneaton, Loughborough, Melton Mowbray, Coalville and Market Harborough. Micro secondary are the market and smaller towns and tertiary are local centres.

Tenancy Strength

All tenant covenants are considered in terms of their financial strength, risk of business failure, length of building occupancy and whether there are rent or rates arrears. The Council will use the conventional means of assessing tenant covenants which might for example include Dun and Bradstreet.

Tenure

Freehold interests are the best interests in assets as they give certainty of ownership into perpetuity and provide no impediments to the owner. Long leaseholds over 99 years are treated as de facto freehold ownerships but do not give the absolute certainty of freehold ownership.

Lease Length

The length of the tenant(s) lease will determine the guarantee of rental income; in commercial terms, the longer the term remaining, the better and more secure the income may be. For residential though a longer lease may prevent the landlord maintaining flexibility, so leases of between three and five years are preferred. Most leases will have break and review options and these will need to be considered in the context of length of time the income can be guaranteed and also the potential for uplift in rent.

Repairing Terms

For commercial assets full repairing and insuring leases are the best as they place all responsibility with the tenant. Next most secure are internal repairing leases where the tenant has responsibility for internal repairs and insurance and the landlord is responsible for the external maintenance; often these costs (or at least some of them) can be recovered by the landlord through the service charge. Internal repairing, non recoverable leases mean the landlord has full responsibility for external maintenance and cannot recover any of those costs. Finally the least preferable are where the landlord has full responsibility for both internal and external maintenance and repair.

Building Quality/Obsolescence

Consideration will be given to building age and quality in determining the repairs and maintenance that might be required immediately to comply with statutory requirements through to the likely general maintenance required from year to year. The building condition surveys will advise on these elements.

Acquisition Value

The lot size will be considered as part of the overall offer. The Council plans to develop a balanced portfolio of lot sizes.

Acquisition Procedure

CONTENTS

- 1. Reasons for the Acquisition of Land or Property**
- 2. Property Search**
- 3. Financial Appraisal**
- 4. Due diligence**
- 5. Independent Valuation**
- 6. Negotiation**
- 7. Council's decision making and delegated authority**
- 8. Instructions**
- 9. Completion**
- 10. Adoption of Public Open Space**
- 11. Acquisition by Compulsory Purchase Order**
- 12. Acquisition by Gift or Possessory Title**
- 13. Acquisition by licences and leases**

INTRODUCTION

The purpose of this strategy is to provide a framework with transparency and fairness for the acquisition of property assets in accordance with the Property Asset Management Plan.

1. REASONS FOR THE ACQUISITION OF LAND AND PROPERTY

Unless there are exceptional circumstances, the Council will only acquire land or property for the following reasons:

- To provide Council services
- For Economic Development purposes
- To facilitate Council policies
- To provide affordable housing
- To improve performance of the investment portfolio
- Strategic acquisition for redevelopment

2. PROPERTY SEARCH

Once a need has been identified, the Estates & Asset Management Service in association with key services will carry out a search to establish whether suitable land or property is available to fulfil the requirements of the Council. This includes utilisation of existing assets and opportunities with potential Partner organisations.

Where a number of potentially suitable properties exist in the marketplace, comparisons will be made to establish which is the most suitable for the Council's needs. Criteria against which such decisions will be made include:

- Price
- Condition of property
- Availability (in terms of timing)
- Nature of tenure being offered (freehold or leasehold)
- Location advantages (where a strategic acquisition is under consideration)
- Return on investment (where a revenue generating asset is being considered)
- Restrictive covenants / easements etc
- Costs in-use for premises for Operational purposes
- Cost to build, adapt or improve any premises and other costs relevant to the purpose

3. FINANCIAL APPRAISAL

When a suitable property has been identified, a financial appraisal will be carried out to establish the financial/budgetary implications of acquiring the property. The advice of the Deputy Chief Executive (Corporate Direction) will be sought regarding interest on capital invested, to enable the opportunity cost of the acquisition to be fully assessed. The financial appraisal will take into account the following matters:

- The capital cost of acquisition and relevant expenditure
- The opportunity cost of acquisition
- Any revenue, or potential revenue, generated from the property, both short and long term
- Availability of external funding sources
- Possibility of joint ventures
- The cost, in Asset Management terms, of owning the property, including:
 - Immediate maintenance/refurbishment requirements
 - Demolition costs, if appropriate
 - Adaptation requirements
- The overall effect of the acquisition on the Council's budgetary position.

4. DUE DILIGENCE

Appropriate investigations will be undertaken into matters relating to:

- The legal title of the property
- Planning and Building Regulation compliance for the existing use and proposed purpose
- Other relevant statutory consents
- Pollution
- Existing construction and M&E plant

5. INDEPENDENT VALUATION

A written formal report compliant with the RICS Red Book shall be obtained before any legal obligation or purchase is completed. Appropriate informal advice shall be obtained prior to that to assist with assessing options and recommendations.

6. NEGOTIATION

Once the Executive or Council or other appropriate decision maker has agreed to support a case to the Council for acquisition, negotiations will be commenced with

the vendor – to include any appropriate caveats such as investigation of title, planning consent and full Council approval. Where the sale of the site is by auction or tender, a bidding strategy will need to be formulated as appropriate and approved by the appropriate person / body with delegated authority.

7. COUNCIL DECISION MAKING AND DELEGATED AUTHORITY

The Constitution sets out the powers and duties in respect of decision making relating to acquisition. In summary:

The Full Council has power to set policies and make decisions reserved for Council.

The Executive has delegated power to make decisions which are not reserved for another Committee or Council and implement decisions provided generally they are within existing authorised policies and budgets.

The Scrutiny Commission has the duty and power to review and scrutinise decisions and actions of both members and officers.

The constitution sets out delegated authority in respect of acquisitions to be made in accordance with the Asset Management Plan:

- In all cases to the Asset Management Strategy Group containing the executive member for Finance & ICT which can make recommendations
- Deputy Chief Executive (Corporate Direction) up to £5K
- Deputy Chief Executive (Corporate Direction) in conjunction with Executive Member up to £25K
- Executive up to £50,000
- Council over £50,001

The Constitution also sets out alternative procedures for Urgent Action.

All decisions shall be in accordance with the Council's Financial Procedure Rules.

8. INSTRUCTIONS

Once appropriate approval has been received, and all investigations satisfactorily carried out (or earlier if appropriate), the Proper Officer will be instructed to complete the documentation associated with the acquisition.

9. COMPLETION

Once the acquisition has been completed, Members will be informed as appropriate. The Estates and Asset Manager will ensure the Asset is added to the Asset Database and surveyed and maintained as identified in the Corporate Asset Management Strategy. The Legal Service will ensure that Land Registration information is provide to the I.C.T service so that GIS database system can be updated

Where appropriate or where requested as a requirement, the relevant officer to provide regular update reports to Council or the Asset Management Strategy Group or Executive providing detail on the progress of the project for which the asset was acquired.

10. ADOPTION OF PUBLIC OPEN SPACE

The adoption of public open space should be considered by the three parties set out below prior to a report to Council for approval. The adoption of land will also be reported to the next available Asset Management Group Meeting in the form of an update report

The three parties will include Estate and Asset Manager in the role of The Corporate Property Officer, Green Space Development Officer and an appropriate Planning Officer. The maintenance liability of each parcel of land must be considered in full before any adoption agreement will be agreed.

The Council will not adopt areas of Public Open Space unless;

1. A commuted payment is available from the developer to cover at least 20 yrs of maintenance, calculations of how sums can be found within the Councils Play & Open Space Guide 2002.

or

2. The Area is of interest to a charitable trust, which will maintain the land to which the Council can transfer the ownership of the land.

or

3. The developer has ceased trading and there are no assets to fund future maintenance of the Public Open Space.

or

4. It has proven impossible to negotiate an agreement between the developer and owners of houses on the estate and local parish councils to adopt the areas of Public Open Space.

(Note, that prior to planning permission be granted to the developer, that the planning department sent a letter to the Parish Council requesting a formal agreement that the Parish Council will adopt the POS on completion, inline with the terms and conditions of the 106 agreement).

It is intended that the developer will liaise with the Council before and during the adoption process to ensure that any agreed works are being carried out to the correct standards and specifications. The supervising officer for this development will be the Green Space Development Officer.

Boundary, hedges, fences, ditches and trees should be conveyed where appropriate with the adjoining development to reduce future maintenance costs.

Any adopted land parcel will be registered by the Legal department with the Land registry and the GIS database system updated with the relevant information.

11. ACQUISITION BY CPO

The procedure for obtaining a Compulsory Purchase Order is already enshrined in legislation and therefore not set out here. All decisions to enter into a Compulsory Purchase are reserved to Council regardless of value. This Policy does not apply to Compulsory Purchase situations until an acquisition stage has been reached e.g.:

- General vesting Declaration
- Notice of Entry and Notice to Treat
- Agreed acquisition of title

At such stage the procedure set out in section 9 above shall apply. Further administrative steps being taken as appropriate once the Notice to Treat crystallises as an acquisition of title.

12. ACQUISITION BY GIFT OR POSSESSORY TITLE

If such an acquisition opportunity arises, it will be considered if meeting the criteria set out in section 1 above and subject to appropriate measures under sections 3, 4 and 7.

13. LEASES AND LICENCES

Entering into a lease or licence agreement shall be considered in the same terms as any property acquisition the Council makes. Therefore Reasons for the purchase, property searches, financial appraisals, independent valuation, negotiations and Council approvals should all be identifiable stages. Clear ownership of responsibilities will require agreement prior to assignment of a lease in terms of H&S, maintenance requirements etc

Disposal Procedure

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14. Introduction

15. Reasons for the Council Holding Property

16. Identification of Surplus and Under-Utilised Property

17. Property Disposal Responsibilities

18. Disposal Methods

19. Preparation for Disposal

20. Disposal due to Compulsory Disposal Order

Appendices

A. Former owners – Crichel Down rules

1. INTRODUCTION

The purpose of this strategy is to provide a framework with transparency and fairness for the disposal of property assets in accordance with the Property Asset Management Plan.

Local Authorities are subject to constraints when they come to dispose of land or buildings in their ownership. Some of these constraints are enshrined in law; others arise because of a general expectation that Local Authorities should be seen to act fairly when disposing of land as in other aspects of their work. The Constitution of the Council also sets out various requirements and responsibilities.

Changing requirements for service delivery and the regular review of properties will at times lead to some land and/or property assets becoming surplus. In addition, there may be circumstances in which a disposal is considered the best way to achieve one or more of the strategic objectives of the Council.

Legal Powers:

Under the Local Government Act 1972 local authorities have powers to dispose of property in any manner they wish, subject to certain constraints.

Under the Local Government Act 1972: General Disposal Consent (England) order 2003, Councils may dispose of land at less than the best consideration reasonably obtainable provided that any undervalue does not exceed £2 million and the transaction is considered by the local authority to help secure the promotion or improvement of the economic, social or environmental well-being of its area. Disposals at greater under-value require consent of the Secretary of State. A disposal for the purposes of the 1972 Act consists of -

- a) a freehold transfer; or
- b) a grant of a term exceeding seven years; or
- c) the assignment of a term which, at the date of the assignment, has more than seven years to run. (The Council currently has no such assets).

Since the 1972 Act, Government policy has introduced the concepts of Community Asset Transfer, community rights in respect of Assets of Community Value, and recognition of the Social Return on investment. The Localism Act 2011 further extends rights and powers for communities and individuals.

Councils may also be restrained from disposing of land for a purpose that was not the purpose for which it was acquired under legislative powers and this is particularly relevant for:

- Allotments
- Open Space and Burial Grounds
- Pleasure Grounds

This strategy applies to freehold or long leasehold disposal of commercial or operational land and buildings except for Council housing which is subject to alternative arrangements.

2. REASONS FOR THE COUNCIL HOLDING PROPERTY

The reasons for the Council holding property are:

- To provide Council services
- For Economic Development purposes
- To facilitate Council policies
- As investment to make a financial return to support service delivery
- Strategic acquisition for redevelopment
- Social Housing

The aims for the Asset Management Service are to facilitate:

- Use of the Council's property holdings to meet current and future corporate/service requirements and allow flexibility of use;
- Use of property economically, efficiently and effectively;
- Provision of clean, compliant and safe accommodation/premises for staff/public;
- Support for economic, social and environmental well-being;
- Production of income/capital to support budgetary requirements.
- Use of appropriate assets for approved purposes by voluntary and Community groups
- Advice for the Medium Term Financial Strategy.

3. IDENTIFICATION OF SURPLUS AND UNDER UTILISED PROPERTY

OPERATIONAL AND COMMERCIAL PROPERTY

Property will be identified as surplus if it does not meet any of the reasons or objectives for the Council holding property assets as set out above or is identified as performing inadequately – functionally or financially.

It is the responsibility of each Service, in conjunction with the Estates and Asset Management Service, to identify any property or part thereof that is under utilised or surplus to individual service delivery requirements. Following the identification of surplus property it should be referred to the Estates and Asset Manager in his role as Corporate Property Officer (CPO) to consider any other potential uses for the property. This will include the identification of any other parties that may be interested in the property, e.g. another Service, County Council Departments, partners or external organisations.

Other referral may be required (in liaison with SLB) with:

- The Corporate Operations Board
- The Asset Management Strategy Group (AMSG)
- The Executive
- Council

HOUSING LAND (HRA)

From time to time requests are received from members of the public to sell small pieces of land forming gardens of Council houses or adjacent landscaping (formally on the HRA).

Matters relating to HRA land shall be referred to the Chief Officer for Housing, Community Safety and Partnerships and as required the Portfolio Member for Housing for an in-principle decision about disposal. Any approved disposal shall then proceed in accordance with this strategy.

On larger pieces of HRA land, consideration should be given to the aims within the Council House Investment Strategy which include:

- Investment in the existing stock to maintain good quality homes.
- Investment in new build/acquisitions of affordable housing.
- Refurbishment and regeneration of stock which no longer meets needs.
- Environmental improvements to estates.

Decisions will be taken during 2012/13 on investment levels into these priorities and linked to this will be work on the use of HRA land, including how capital receipts from the sale of HRA land are used.

OPEN SPACE

From time-to-time requests are received from members of the public to sell small pieces of land forming open space.

The Council will not normally dispose of any core recreational open spaces identified in its open space audit and open space strategy i.e. 'Town Parks', 'Country Parks', 'Neighbourhood Parks', 'Nature Reserves' and other local play areas. (exceptional circumstances might be for instance where this is seen as beneficial for recreational use of the site or will significantly benefit the wider community rather than the individual applicant).

The Council will contemplate disposal of 'incidental open space' and areas of landscaping or parts of these – particularly where it will improve the management of the land benefiting the wider public, will reduce an unacceptable and significant impact on a neighbouring property resulting from miss-use of open space and/or clears up anomalies of past land sales, acquisitions, transfers.

In contemplating these sales, the Council must comply with its legal requirement to advertise proposed sales of public open space and consider objections prior to deciding to dispose of the site. (Applicants / proposed purchaser will be required to meet the costs of advertising the proposed sale).

There is no legal requirement for the Council to provide a reason for not selling, however, the Council may refuse to sell on the following grounds:-

- it judges that the personal safety for users of the remainder of nearby open space will be detrimentally affected e.g. where a narrow alleyway is created; or
- it will result in the wholesale loss of, or detract from the visual quality/amenity of the surrounding area. Alternatively, in such cases it may apply covenants on sales to retain the open nature of landscaped areas and/or to require the provision of certain standards of new boundary fencing, walling or delineation; or
- it is considered that there will be detrimental impact of such sales on neighbouring properties not financially involved in, or not benefiting from the sale.

4. PROPERTY DISPOSAL RESPONSIBILITIES

Major disposals being significant regeneration sites are (normally) the responsibility of the Regeneration Service under the Head of Planning. The balance of disposals is the responsibility of the Estates and Asset Management Service under the Corporate Property Officer. The principles set out in this strategy should be followed in all disposal cases.

Minor Disposals

A minor disposal is where the sale price does not exceed £5,000 or as defined in the Financial Procedure Rules.

The disposal shall proceed in accordance with the Financial Procedure Rules. There may be circumstances where it is in the Council's interest to initiate a minor disposal e.g. land surplus to requirements or for reasons of good estate management.

However, departure from open marketing should only be considered in the circumstances as outlined in this section and on professional advice. In cases where there is more than one other contiguous land holding, consideration should be given to alternative disposal strategies to obtain the best price.

In the case of minor disposals, the Estates and Asset Management Service is responsible for the disposal of its property assets in accordance with this strategy.

Major Disposals

A major disposal is any disposal not covered by the minor disposal definition above.

The disposal shall proceed in accordance with the Financial Procedure Rules.

When a property has been identified as surplus to the requirements of the Council, the CPO should be notified. If the Asset is not identified as a key disposal under the Acquisition and Disposal Strategy, it should be processed by the Asset Management Service to ascertain the value of sale. On successful completion of this process CPO may seek Executive approval to it being declared surplus and add the record to the acquisition and disposal strategy for an appropriate programmed sale.

Disposal at less than best consideration

In contemplating a disposal or in marketing the premises, opportunities might come forward to consider a Community Asset Transfer or a community request in respect of an Asset of Community Value. It is recognised that disposals through these mechanisms may likely produce a receipt less than best consideration.

Also there might be opportunities where the Council wishes to facilitate a policy objective by sale at lower value.

Disposals at less than best consideration shall have the formal support of the Service whose policy is being supported and for major disposals shall require approval by Council – unless already approved within the Property Asset Management Plan or other Council approved policy. In such cases the RICS Guidance Note should be consulted.

Whether or not Ministerial consent is required, the Valuer shall provide the following figures in all cases:

- (a) unrestricted value;
- (b) restricted value;
- (c) the value of voluntary conditions.

5. DISPOSAL METHODS

As a general principle, disposal with open marketing is the appropriate way to attract interest and secure best consideration. However there are circumstances where alternatives should be considered.

These are the principal methods of disposal available:-

Private Treaty – sole party without marketing

This is to be considered where there is unlikely to be more than one party interested in the property at an open-market price or there is clearly a special-interest purchaser likely prepared to pay above the market price.

This generally arises when an application is received from adjacent or neighbouring owner(s) to purchase the freehold or leasehold interest of a small or inconsequential area of land in the Council's ownership. If the land is surplus to requirements as identified in the Acquisition and Disposal Strategy, has no development value or open market opportunity and has a market value of less than £5000. It is permissible in these cases to open 'confined' negotiations with the adjacent or neighbouring owner in order to achieve the most advantageous financial or economic result e.g. if the land is 'landlocked' or is difficult or expensive to maintain.

It might also arise in special circumstances where an adjacent owner can gain advantage by combining land to give rise to:

- Ransom value
- Betterment value
- Overage

In such cases it is necessary to establish both the open-market value and the value advantage to the proposed purchaser.

Private Treaty – with open marketing

After a reasonable period of exposure to the market, negotiations are carried out with interested parties and a clear highest bidder might emerge.

In the event that two or more interested buyers are identified at similar prices it is possible to consider moving on to the Informal Tender method below

Advantages:

- allows a flexible approach;
- time pressures are seldom imposed on either the seller or buyer; and
- it is widely understood and accepted by the general public.

Disadvantage:

- the proceedings cannot always overcome suspicions of unfair dealings, and it is therefore a method to be used with caution.

Formal Tender

Requires a great deal of preparation, as the tender document forms the contract for sale. A full appraisal of the transaction needs to be carried out, including a valuation which may be used to provide a guide price, in order to have a baseline against which to assess the tenders when they are returned.

Advantages:

it can be concluded quickly where it is unconditional;
it avoids tentative time-wasting enquiries;
the Council does not need to accept any tender if the offer is not satisfactory provided this is made clear in the invitation to tender;
the tender procedure should guarantee complete fairness; and
as bids are not public, tenderers should put forward their best offer.

Disadvantages:

potential purchasers are often put off by the procedure whereby they commit themselves contractually upon making any financial offer;
there is little room for discussion about the scheme itself, and this method is too robust and inflexible to take account of any conditional offers, e.g. subject to planning etc.

In view of the inflexibility and disadvantages of the formal tender procedure there should, in normal circumstance, be a presumption against this method for the disposal of property.

Current **Contract Standing Orders** do not state that they apply to the sale of property. They do however regulate formal tender procedures, therefore, in the event of a disposal by formal tender Contract Standing Orders should be followed.

Auction

This method is to be considered when value is difficult to establish or where there could be numerous bidders, especially for small parcels of development land.

To achieve success with this method of disposal, external auctioneers will inevitably be used. The auctioneer should be briefed at an early stage, and fully involved in preparing conditions of sale and fixing the reserve price. The reserve should be approved by the appropriate delegated authority route and conveyed to the auctioneer before the auction. It should also be recorded in writing which the auctioneer will have available at the time of sale. Sale by auction requires preparation of all contractual details beforehand in order that a binding contract may be effected immediately a bid is accepted. Development land should only be considered for auction with planning permission and after pre-marketing.

Advantages:

Certainty: contracts are exchanged on the fall of the hammer;

- open process of competitive bidding may lead to a price in excess of that by private treaty;
- Regional/national marketing by the auction house.

Disadvantages:

- the seller has no control over who buys;
- funds to meet the sale price must be available within a specified period, and this may put off purchasers who need to raise finance;
- potential purchasers have to consider the transaction during the marketing period, with no opportunity to discuss alternative ways to structure the deal;
- the winning bid need only be marginally more than the second highest bid, and need not represent the maximum the purchaser would have been willing to pay;
- Mortgageable houses should not be sold by auction.

Informal Tender (sealed bids)

The Local Government Ombudsman has issued the following guidance on informal tendering:

“Informal tendering is a process by which offers are invited but perhaps without a firm closing date. Unlike a formal tendering process (when tenders are submitted in sealed envelopes all of which are opened together) offers in the informal process are opened as they are received. Officers may be invited to increase their bids, possibly having been told that a higher bid has been received. Whilst the practice of informal tendering (which might also be described as extended auction) does frequently give rise to complaints, the Ombudsman accepts that such a procedure may sometimes be appropriate and may result in the Council obtaining a higher price for the land than if bidding was restricted to a single sealed tender. At the end of such an extended auction process all parties still expressing interest should be asked to submit a final bid by a specified date”.

Advantages:

- the most advantageous terms for the Council can be formulated even in very complex cases;
- the Council does not need to accept any tender if the offer is not satisfactory;
- as bids are not public, tenderers should put forward their best offer. (Though not necessarily going to achieve best price because in an auction situation people are sometimes prepared to bid more than they had envisaged, particularly when they see others prepared to bid at that level)
- most useful as a tool for resolving competing interest following private treaty marketing.

Disadvantages:

lacks the certainty of the Formal Tender procedure, can be frustrating since post-tender negotiations can be protracted and may not be successful; and

- the requirement to negotiate raises some of the disadvantages of a sale by private treaty.

6. PREPARATION FOR DISPOSAL

The stages of preparation for disposal should include the following:

- (i) Internal Circulation to COB members - To be carried out prior to declaring property surplus in order to give Services the opportunity to comment or express an interest within a time limit of 21 days.
- (ii) Legal Consultation - To report fully on the Council's title, any rights or obligations which may be bound to the site and any restraints on disposal which might be in place due to legislation. Where it is intended to include covenants or conditions, legal advice should be obtained prior to negotiations.
- (iii) Former Owner – Consider if there is an obligation under the Crichel Down Rules to offer the land back to a former owner. A summary of these rules and procedures is in *Appendix A*.
- (iv) Inspection - The purpose of which will be to identify development potential or any matter which is likely to aid or hinder the disposal.
- (v) Physical Constraints – Check the Council's own records, and also those of statutory undertakers, if appropriate.
- (vi) Define Development Potential - Appraisal of potential disposal property should always consider the means by which maximum sale proceeds can be generated. In straightforward cases, the equivalent of an "outline planning consent" for the most valuable use available should be secured.
- (vii) Where the Council wishes to consider ensuring a desired use of property to achieve its policy objectives, it will be necessary to introduce restrictive covenants, where appropriate.
- (viii) An overage provision may be contemplated, so that the Council can participate in the benefits of any future increase in value due to a more valuable planning consent or significant uncertainty in valuation.
- (ix) Consideration of Method of Disposal as set out above to consider the options available. Financial Regulations provide guidance aimed at minimising or addressing the difficulties presented by late or revised bids.

- (x) Special Purchaser - It may be prudent to deal with a “special purchaser” if it would result in capital receipts above that which would be paid in the general open market, or in the furtherance of achieving one or more of the Council’s Corporate objectives, subject to compliance with the Council’s legal requirements.

7. DISPOSAL DUE TO Compulsory Purchase Order

The procedure for obtaining a Compulsory Purchase Order is already enshrined in legislation and therefore is not set out here. This strategy does not apply to Compulsory Purchase Order situations until a disposal stage has been reached e.g.:

- General vesting Declaration
- Notice of Entry and Notice to Treat
- Agreed transfer of title

At such stage the procedure generally as set out in section 4 onwards shall apply with further administrative steps being taken as appropriate once the Notice to Treat crystallises as an acquisition of title.

Appendix 6

FORMER OWNERS – CRICHEL DOWN RULES

Successive Governments have accepted the basic principle that land, whether in agricultural or other use originally, should be offered back to former owners or their successors if it was acquired by or under threat of, compulsion or under statutory blight provisions, and if it had not been materially changed in the interim, and was found to be surplus to requirements or otherwise appropriate for disposal. Disposals to former owners under these arrangements will be at current market value.

This principle was established in the 1954 Crichel Down case and has been used as a guideline for policy ever since.

ODPM Circular 06/2004 sets out the revised arrangements under which the rules should apply. The Rules are non-statutory but it is recommended, by central government, that they be followed.

The general obligation to offer back will not apply to the following types of land:

- 1) agricultural land acquired before 1 January 1935;
- 2) agricultural land acquired on and after 30 October 1992 which becomes surplus, and available for disposal more than 25 years after the date of acquisition;
- 3) non-agricultural land which becomes surplus, and available for disposal more than 25 years after the date of acquisition.

The date of acquisition is the date of the conveyance, transfer or vesting declaration.

POLICY

The Council shall follow the guidelines of the Crichel Down rules.

Risk Management

Risks

Recession Risk.

There is a risk of the property market going into recession, capital values and rentals can fall as well as rise. This needs to be factored into long terms decisions.

The Acquisitions and Investment Strategy criteria (table 1) will target low risk, low management investments that will better withstand any downturn and remain occupied and attractive to tenants, landlords and investors.

Operating as a commercial function will entail making good decisions quickly in order to put offers forward. However, these can be made as conditional offers and contracts for sale need not be exchanged until the full due diligence and the necessary governance procedures have been completed.

Abortive Cost Risk

Abortive costs will be incurred in making bids that do not succeed, or from choosing (as a result of due diligence) not to continue to exchange of contract. These costs may include feasibility studies, ground investigations, advisers' costs, legal costs, survey fees and Officer time.

This risk is inherent to property investment and the focus will be on ensuring that potential problems are identified at the earliest possible stage of each acquisition.

Interest Rate Risk

Interest rate risk

The PWLB borrowing rates have been consistently below 3% for some time but are now increasing above that level, the market can change. To mitigate the risk of interest rate change the borrowing required for a business case will be undertaken and fixed at the time the scheme is committed.

A change in interest rates would require an update of Table 2 on the gross rates of return.

Knowledge of the Market Risk

Property investment involves clear risks due to wider economic conditions, which are beyond the control of the Council. However, other property related risks, such as those relating to the condition of the property or complications with leases, are easier to assess and manage.

The property market is driven by prompt responses to opportunities that may not be offered on the open market. The Council should be able to increase the potential to be offered access to such opportunities by engaging specialist external advisors. However, the ability to act quickly is critical and the Council will need to use its own knowledge of the District, combined with the wider market understanding of (external) specialists, to ensure that it adopts a proactive approach with property owners and specialist property investment agencies.

Operational Risk

Property management has many inherent operational risks including:-

- Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates.
- Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants.
- Tenant default, and that financing costs could rise.

These risks will be mitigated through the quality of the property and tenant. The criteria in table 1 will allocate most funds to the excellent/very good category.

Capacity Risk

Operating a dynamic property investment function calls on a knowledge base and skill set which the Council does not currently have. Although some relevant expertise does exist within the Council, existing workloads and ongoing projects make it unlikely that this could be released at the level required to support this type of commercial activity. Nevertheless, in order for the council to successfully implement its Acquisition & Development Strategy, it will need access to the type and level of expertise that can support robust and timely decision-making. It is likely that this will be best achieved by contracting with external property investment advisors who will do the following:

- Identify potential investment opportunities and evaluate values.
- Carry out necessary due diligence and advice on risks.
- Prepare individual business cases.

- Undertake commercial negotiations.
- Manage Freehold and leasing arrangements.
- Evaluate prospects for rental growth and capital appreciation.

This use of external advisors will need to be carefully and consistently managed by the Executive Director of Finance and Resources.

Change of Government Policy Risk

The Council will use the General Power of Competence to undertake the Acquisition & Development Strategy. There is a risk that the Government could introduce limits to this power. If this was to happen it would restrict future investment, including business cases in progress but is unlikely to be retrospective.

- Capital values and rental values can fall as well as rise.
- Borrowing costs fluctuate and could increase.
- Vacancies (voids) in the portfolio will reduce average yield. As well as lost rental income on vacant units, the Council could find itself liable for a share of on- going costs which a tenant would normally pay such as empty property rates.
- Disputes with tenants. Common disputes include ongoing maintenance and repair costs of buildings and the ability to recover those costs from tenants.
- Tenant default, and that financing costs could rise.
- External factors. Property acquisition is subject to factors the Council cannot control, e.g. failure of tenants, poor building management, changes in perception of what is a good location, economic downturn, pandemics etc.
- Ease of market exit (sale)
- Changes in government policy
- Sectoral changes

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Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Council 13 December 2022

Wards affected: All wards

Scheme of Members' Allowances 2022/23 and 2023/24

Report of the Independent Remuneration Panel on Members' Allowances

1. Purpose of report

- 1.1 To present the recommendations of the Independent Remuneration Panel relating to application of the pay award and the scheme of allowances for 2023/24. It is a requirement of the scheme of allowances that when an officer pay award is agreed, the equivalent award is applied to members' allowances so this report has been produced as required, not at the request of members.

2. Recommendation

- 2.1 That members consider the recommendations of the panel and make a decision on the options outlined in paragraph 3.7.
- 2.2 Paragraph 5.2 of the scheme of allowances be amended as outlined in paragraph 3.8.

3. Background to the report

- 3.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, local authorities must establish and maintain an Independent Remuneration Panel to provide the authority with recommendations on its remuneration scheme and the amounts to be paid to councillors. Council must have regard to these recommendations when approving a scheme.
- 3.2 The scheme of allowances was last considered in February 2020 with changes coming into force in April 2020. The current scheme requires annual

increases on both the basic allowance and the special responsibility allowances in line with officer pay awards.

- 3.3 At its meeting in February 2020, Council resolved that the panel be requested to meet again in late 2022 to propose a scheme of allowances to be introduced for the new Council in May 2023.
- 3.4 On 1 November 2022, the unions accepted the NJC pay offer (for staff) of a flat rate of £1,925, rather than the usual percentage increase. This resulted in being unable to comply with the scheme of allowances in increasing members' allowances by the same percentage as the officer pay award and necessitated an urgent meeting of the Independent Remuneration Panel.
- 3.5 Composition of the panel is included in the attached report. The panel met on 8 and 24 November to consider any changes required to the scheme of allowances and to consider how the equivalent of the officer pay award could be applied to the basic and the special responsibility allowances for councillors.
- 3.6 In making its recommendations, the panel acknowledged the reluctance of some members to consider an increase in allowances at this time, given the cost of living crisis and its impact on their communities, however they felt it was important to continue with annual increases on the allowances to reflect the amount of work that councillors undertake, the level of responsibility they have and to ensure the authority doesn't fall behind similar authorities in the level of allowances. They did not recommend any changes to the scheme of allowances for 2023/24 outside of those linked to the pay award as already required by the scheme.
- 3.7 Council is asked to consider the following options:
- (a) Accept the recommendation to increase the allowances, backdated to April 2022, by 3.3% as an equivalent to the officer pay award;
 - (b) Reject the recommendation to increase the allowances by 3.3%;
 - (c) Propose an alternative amendment to the scheme of allowances.
- 3.8 Council is also asked to amend paragraph 5.2 of the scheme of allowances to read:
- "The basic allowance shall be increased annually in line with officer pay awards unless a resolution of Council determines otherwise. Where the pay award is a fixed sum, it will be calculated on the percentage equivalent of the value of the pay award on the average salary of all heads of service and senior management".
- 4. Exemptions in accordance with the Access to Information procedure rules**

4.1 This report is to be taken in open session.

5. Financial implications (AW)

- 5.1 The existing budget for 2022/23 includes a pay award of 1.75% and therefore if option (a) is approved, the additional budget required is £5,590.

	£
Estimated Total Cost of Members' Salaries - 2022/23	312,460.00
Existing budget for 2022/23	306,870.00
Additional Budget Requirement 2022/23	5,590.00

- 5.2 The pay award for 2023/24 has not yet been agreed and will be subject to negotiations with unions.

6. Legal implications (MR)

- 6.1 Set out in the report.

7. Corporate Plan implications

- 7.1 This report supports all corporate aims by supporting councillors to carry out their duties.

8. Consultation

- 8.1 Current councillors were surveyed as part of the process. There is no provision in legislation to undertake wide consultation, however the Independent Remuneration Panel consists of external, independent members representing the wider public.

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
Difficulty in recruiting, retaining and supporting councillors	Ensure the scheme of allowances is fit for purpose and provides fair recompense for the role.	Democratic Services Manager

10. Knowing your community – equality and rural implications

- 10.1 This report does not impact any particular community, group or service. It serves to encourage and support members and to encourage membership from all communities. Any resulting changes would apply to members from all areas of the borough.

11. Climate implications

- 11.1 Whilst the scheme provides for payment of mileage expenses, meetings are held remotely where legislation allows in order to reduce travel. The scheme allows for robust challenge of mileage claims, ensuring that all duties for which travel is reimbursed is approved.
- 11.2 The increasing use of ICT solutions which are covered by the scheme of allowances will help the authority in meeting its carbon reduction requirements by reducing paper and postage of agendas and enabling remote meetings where allowed by legislation.

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: Previous reports on members' allowances.

Contact officer: Rebecca Owen, Democratic Services Manager

Executive member: Not applicable.

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**Hinckley & Bosworth
Borough Council**

**REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS'
ALLOWANCES 2020/21**

1. A full review of the scheme of members' allowances was last undertaken in 2019/2020, at which point Council also agreed to include an annual increase on allowances in line with the national pay award for officers, and to review the scheme again in advance of the new Council in 2023.
2. In convening a meeting of the panel in the autumn of 2022, of those members appointed in 2019, six wished to remain on the panel. These were:

Mr G Grimes
Mr P Humphrey
Mr S Love
Mr G Newbury
Ms S Rumbelow
Mr K Willdig.
3. The panel initially met on 8 November 2022. Mr Keith Willdig resumed his position as chair of the panel. A subsequent meeting was held on 24 November 2022.
4. To assist in its deliberations, the panel was provided with the following information:
 - The current scheme of members' allowances
 - Results from a survey of HBBC councillors
 - A briefing by the Head of Finance
 - Information on the 2022 national pay award for officers which was a fixed sum of £1,925 rather than the usual percentage increase.
5. During discussion on the allowances, members of the panel made reference to the following:
 - Thanks to councillors for their responses to the survey
 - The likely reluctance of some councillors (as expressed in some survey responses) to accept an increase in allowances given the current cost of living crisis
 - The need for fair recompense for the work undertaken
 - Options for applying the equivalent of the pay award which included:
 - A 7% increase which was equivalent to the value of the pay award based on the average pay across the council of £27,500

- A 4.1% increase which was equivalent to the value of the pay award based on the average salary of the top quartile of staff
- A 3.3% increase which was the equivalent to the value of the pay award based on the average salary of all heads of service and senior management
- A 4.01% increase which had been agreed as part of the pay award in relation to officer allowances (such as subsistence and London weighting)
- The need to include a clause in the scheme of allowances should a fixed sum be agreed as the pay award in future years.

6. In formulating its recommendations, the panel gave consideration to and made comment upon the following:

6.1 The basic allowance

Whilst conscious that the allowances should not be allowed to fall behind those of similar authorities again, the panel felt that the basic allowance was reasonable, given the provision for annual increases in line with officer pay awards.

6.2 Special responsibility allowances

Whilst conscious that the allowances should not be allowed to fall behind those of similar authorities again, the panel felt that the special responsibility allowances were reasonable, given the provision for annual increases in line with officer pay awards.

6.3 Increase in line with the officer pay award

Whilst the panel felt it important to acknowledge the role of councillors, they also noted that the level of responsibility was similar to that of senior officers of the council, for whom the pay award was equivalent to 3.3%. They therefore felt that this was an appropriate level at which to set the increase in both the basic and special responsibility allowances.

They felt that this method of calculating such fixed sum increases should be included in the scheme of allowances, should the situation be repeated.

7. The panel made the following recommendations to Council:

- (i) An increase of 3.3% backdated to April 2022 be included on the basic and special responsibility allowances in line with the officer pay award, calculated as the value of the pay award on the average salary of all heads of service and senior management:

	Current 2021/22 (£)	Proposed 2022/23 (£)
Basic allowance	5,520	5,702
Mayor	8,364	8,640
Deputy Mayor	3,137	3,241
Leader of Council	17,596	18,177

Deputy Leader	8,625	8,910
Member of Executive	7,591	7,842
Opposition Leaders	4,830	4,989
Appeals Panel chairman	2,614	2,700
Audit Committee chairman	4,830	4,989
Ethical Governance & Personnel Committee chairman	2,614	2,700
Finance & Performance Scrutiny chairman	3,450	3,564
Licensing Committee chairman	2,614	2,700
Planning Committee Chairman	5,750	5,940
Scrutiny Commission Chairman	4,830	4,989

(ii) paragraph 5.2 of the scheme of allowances be amended to read:

“The basic allowance shall be increased annually in line with officer pay awards unless a resolution of Council determines otherwise. Where the pay award is a fixed sum, it will be calculated on the percentage equivalent of the value of the pay award on the average salary of all heads of service and senior management”;

8. Reasons for the recommendations

- To ensure the allowances remain reasonable given the level of work involved in the role of a councillor
- To comply with the scheme of allowances in applying the equivalent of the officer pay award.

Keith Willdig (Chairman)
Gordon Grimes
Paul Humphrey
Simon Love
Guy Newbury
Shelagh Rumbelow

24 November 2022

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Appendix 3 Proposed scheme of allowances

Part 5 – members’ allowances

a. Scheme of members’ allowances

CONTENTS

Paragraph

- 1 The scheme
- 2 Effect
- 3 Definition
- 4 Member development and support
- 5 Basic allowances
- 6 Special responsibility allowances
- 7 Childcare and dependent carer’s allowance
- 8 Travel and subsistence allowance for ‘approved duties’
- 9 Renunciation
- 10 Part-year entitlements
- 11 Payments
- 12 Schedule of allowances

Hinckley and Bosworth Borough Council, in exercise of its powers contained within section 18 of the Local Government and Housing Act 1989 as amended, and in accordance with the Local Authorities (Members’ Allowances) (England) Regulations 2003, hereby makes the following scheme.

1. The scheme may be cited as the Hinckley and Bosworth Borough Council Scheme of Members’ Allowances.
2. The amended scheme shall have effect from 1 April 2022.
3. “Year” means any period of twelve months ending on 31 March in any year.
4. Member development and support
- 4.1 Because of the increasing responsibilities placed upon members, particularly those who have special responsibilities, it is a fundamental element of this scheme that

appropriate development opportunities are made available and that members engage in such activities when provided.

5. Basic allowance
- 5.1 Subject to paragraph 9, for each year a basic allowance of £5,702 shall be paid to each councillor. The basic allowance covers the use of members' own telephone (including mobile), IT equipment, printer, paper and consumables.
- 5.2 The basic allowance shall be increased annually in line with officer pay awards unless a resolution of Council determines otherwise. Where the pay award is a fixed sum, it will be calculated on the percentage equivalent of the value of the pay award on the average salary of all heads of service and senior management.
6. Special responsibility allowances
- 6.1 For each year, a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the authority as specified in the schedule included in this scheme.
- 6.2 Subject to paragraph 9, the amount of each such allowance shall be the amount specified against that special responsibility in the schedule.
- 6.3 Other than the Leader and Deputy Leader, one special responsibility allowance (SRA) will be paid to a member in full with any second SRA paid at 50% (with the highest being paid in full). The Leader and Deputy Leader shall not be entitled to a second SRA.
- 6.4 The SRA for the Leader and Deputy Leader includes the holding of an executive portfolio. Where the Leader or Deputy Leader does not hold an executive portfolio, the allowance will be reduced by 50% of an executive member's SRA.
- 6.5 The SRA for a member of the Executive shall be paid to six members. Should the number of members of the Executive increase, the allowance for the six members shall be split equally between all members of the Executive.
- 6.6 All special responsibility allowances shall be increased annually in line with officer pay awards unless a resolution of Council determines otherwise.
7. Childcare and dependent carer's allowance
- 7.1 Payment will be reimbursed on the basis of reasonable expenses incurred.
8. Travel and subsistence allowance for 'approved duties'
- 8.1 Car allowances for authorised journeys on approved duties (as outlined in paragraph 8.4) will be paid at the following rates:
- | | |
|------------------------------------|-----|
| Per mile for the first 8,500 miles | 45p |
| Per mile after 8,500 miles | 25p |
| For carrying passengers | 5p |

8.2 Reimbursement of taxi or public transport costs for authorised journeys on approved duties will be approved on production of a valid VAT receipt and relevant form, which must be returned to the Democratic Services Officer. Taxi journeys require prior agreement of the Democratic Services Officer wherever possible and taxis should be used to link members with the nearest convenient public transport.

8.3 Subsistence allowances for approved duties will be paid at the same rates and conditions applicable to staff. Current rates are:

- Breakfast – payable only if it is unreasonable to expect you to take breakfast before 7am - £5.00 maximum
- Lunch – payable only if lunch is not provided at the event - £7.00 maximum
- Evening meal – payable only if you are unable to take a meal at your normal place after 6.30pm - £9.00 maximum.

The subsistence allowances are subject to the production of appropriate receipts and completion of the relevant form, which must be returned to the Democratic Services Manager.

In the event of overnight stays in hotels or attendance at conferences, two alternatives are available:

- The Democratic Services Manager will book the hotel, raising the relevant purchase order and awaiting an invoice
- Where the hotel declines the above arrangement, book in advance and pay the hotel on departure. The council will reimburse the costs on the production of the receipted hotel bill and claim form.

8.4 Approved duties include:

- any meeting of the Council, Executive, overview & scrutiny bodies, committees or working groups of which the councillor is an appointed member or a substitute, provided it is a meeting to which members of a minimum of two political groups on the Council have been invited and more than two members have been invited;
- a meeting of a body where the councillor is not a member but attends on a matter affecting their ward which has been approved by the chairman of the body;
- on the specific invitation of the chairman of a body to attend a meeting for the purpose of giving evidence or supporting a review;
- conferences and seminars approved by the Democratic Services Manager;
- training and development events to which the councillor has been invited by the council's officers;
- partnership or outside body meetings or training events of bodies to which the councillor has been appointed by the Council;

- committee pre-agenda meetings or briefings for meetings of which the councillor is a member or will be substituting at the associated meeting;
- attendance by Executive members at meetings and events within the borough that directly relate to their lead member role on the invitation of an officer of the council or with prior consultation with the Democratic Services Manager or Monitoring Officer;
- meetings convened with officers with their prior agreement;
- Planning Committee site visits as notified by officers relating to a specific Planning Committee;
- parish council meetings when acting as a representative of the borough council – either in a capacity as ward councillor or Executive member;
- in respect of the Mayor or, in their absence, the Deputy Mayor, travelling expenses for duties of a civic nature approved by the civic office in accordance with the guidance for mayoral expenditure;
- attendance at a tribunal or similar to give evidence in relation to decisions made by a committee chaired by the councillor;
- interview panels for staffing matters where the councillor has been appointed to the panel by a committee or an officer.

Political group meetings are not included as an approved duty.

9. Renunciation

- 9.1 A councillor may, by notice in writing to the Director (Corporate Services) elect to forego their entitlement or any part of their entitlement to an allowance under this scheme.

10. Part-year entitlements

- 10.1 The provisions of this paragraph shall have effect to regulate the entitlements of a councillor to basic and special responsibility allowances where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.
- 10.2 If an amendment to this scheme changes the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods:
- beginning with the year and ending with the day before that on which the first amendment in that year takes effect or

- beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect or (if none) with the year

the entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of days in the period bears to the number of days in the year.

- 10.3 Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be to the payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which their term of office bears to the number of days in that year.
- 10.4 Where this scheme is amended as mentioned in paragraph 10.2 and the term of office of a councillor does not subsist throughout the period mentioned in paragraph 10.2, such part of the basic allowance payable referable to each such period (ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days during which their term of office as a council subsists bears to the number of days in that period.
- 10.5 Where a councillor has during part of, but not throughout, a year such special responsibilities as entitle them to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which they have such special responsibilities bears to the number of days in that year.
- 10.6 Where this scheme is amended as mentioned in 10.2 and a councillor has during part, but does not have throughout the whole, of any period mentioned in 10.2 any such special responsibilities as entitle them to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with paragraph 10.2) as bears to the whole the same proportion as the number of days in that period during which they have such special responsibilities bears to the number of days in that period.
11. Payments
 - 11.1 Subject to paragraph 9, payments of the basic allowance and special responsibility allowance shall be made in instalments of one-twelfth of the amount specified in this scheme on the 25th of each month.
 - 11.2 Claims for any childcare or dependent carer's allowance, and for any travel or subsistence allowances, shall be submitted within three months of incurring the expenditure.

12. Schedule of allowances

12.1 The following are specified as the special responsibilities in respect of which special responsibility allowances are payable and the amount of those allowances:

	£
Mayor	8,640
Deputy Mayor	3,241
Leader of Council	18,177
Deputy Leader	8,910
Member of Executive	7,842
Opposition Leader(s)	4,989
Appeals Panel chairman	2,700
Audit Committee chairman	4,989
Ethical Governance & Personnel Committee chairman	2,700
Finance & Performance Scrutiny chairman	3,564
Licensing Committee chairman	2,700
Planning Committee chairman	5,940
Scrutiny Commission chairman	4,989

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