

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



Hinckley & Bosworth
Borough Council

A Borough to be proud of

**AGENDA FOR THE
MEETING OF THE COUNCIL
TO BE HELD ON
THURSDAY, 21 FEBRUARY 2013
at 6.30 pm**

Fire Evacuation Procedures

Council Chamber

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *The nearest escape route to the Council Chamber is at the rear of the Chamber. Push the bar to open, proceed down the spiral stairs and push bar to exit the doors.*
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- **Do not** stop to collect belongings.



Date: 13 February 2013

Hinckley & Bosworth
Borough Council

A Borough to be proud of

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council in the Council Chamber, Council Offices, Hinckley at these offices on **THURSDAY, 21 FEBRUARY 2013 at 6.30 pm**

Yours faithfully

Miss RK Owen
Democratic Services Officer

AGENDA

1. Apologies
2. To confirm the minutes of the meeting held on 28 January 2013 attached. (Pages 1 - 8)
3. To be advised of any additional items of business which the Mayor decides by reason of special circumstances shall be taken as matters of urgency at this meeting.
4. 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. To receive such communications as the Mayor may decide to lay before the Council.
6. To receive petitions in accordance with the Council's Petitions' Scheme.
7. To deal with questions under Council Procedure Rule number 11.1.
8. To receive the Leader of the Council's Position Statement.
9. To receive for information only the minutes of the Scrutiny Commission meeting held on 31 January 2013, attached. (Pages 9 - 12)
10. ICT Budget re-profiling (Pages 13 - 16)
11. General Fund Budget (Pages 17 - 32)
12. Council Tax Setting Report 2013/2014 (Pages 33 - 38)
13. Housing Revenue Account Budget 2013/14 (Pages 39 - 52)

14. Capital Programme 2012/13 to 2015/16 (Pages 53 - 64)
15. Prudential Code for Capital Finance Local Authorities setting of Prudential Indicators 2012/13-2015/16 and Treasury Management Strategy 2013/14-2015/16 (Pages 65 - 86)
16. Market Bosworth Neighbourhood Area Designation Application (Pages 87 - 98)
17. Community Governance Review (Pages 99 - 128)
18. Draft Calendar of meetings 2013/14 (Pages 129 - 130)
19. To consider the following motions, notice of which have been received in accordance with Council Procedure Rules 13.1 and 13.2:-

(a) Motion from Councillor Crooks:

“That this Council requests the Licensing Committee to consider amending the Adopted Statement of Licensing Policy, to contain a clause to the effect that the Council notifies Parish Councils in whose area an application for licensing premises for music & entertainment is received.”

(b) Motion from Councillor Mullaney

“Council notes:

1. That recent energy price rises are expected to force many thousands more households into fuel poverty
2. That each year more than 25,000 people in England and Wales die due to cold winter conditions
3. That energy efficiency improvements to homes are the most effective means to take people out of fuel poverty in the medium to long term
4. That local authorities have a central role to play in alleviating fuel poverty, reducing excess winter deaths and tackling the detrimental health impact of cold homes, with the return of public health responsibilities to local government presenting a significant opportunity.

Council further notes:

1. That £4 billion will be raised each year for the next 15 years from the European Emissions Trading Scheme and the Carbon Floor Price
2. That this funding from carbon taxes could take 9 out of 10 fuel poor households out of fuel poverty if spent on improving the energy efficiency standards of their homes.

Council resolves:

1. To support the End Fuel Poverty Coalition's Local Authority Fuel Poverty Commitment
2. To support the Energy Bill Revolution campaign's call for carbon taxes to be spent on drastically reducing fuel poverty.”

Agenda Item 2

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

28 JANUARY 2013 AT 6.30 PM

PRESENT: MR MB CARTWRIGHT - MAYOR
MRS L HODGKINS – DEPUTY MAYOR

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

Officers in attendance: Steve Atkinson, Katherine Bennett, Bill Cullen, Louisa Horton,
Julie Kenny, Sanjiv Kohli and Rebecca Owen

344 PRAYERS

Reverend Louise Corke offered prayer.

345 PRESENTATIONS

A presentation was made to Sue and Jim Houghton who had won the “Unsung Heroes”
award at the BBC Sports Personality of the Year Event.

346 APOLOGIES

Apologies were submitted on behalf of Councillors Camamile, Crooks, Richards and
Sutton.

347 MINUTES OF THE MEETINGS HELD ON 13 NOVEMBER AND 18 DECEMBER 2012

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

RESOLVED – the minutes of the meetings held on 13 November and 18
December 2012 be confirmed and signed by the Mayor.

348 DECLARATIONS OF INTEREST

Councillor Boothby declared a pecuniary interest in item 12 and an interest in
accordance with Section 106 of the Local Government Finance Act 1992 in items 13 and
15.

Councillors Allen, Smith and Sprason declared a pecuniary interest in item 12.

349 MAYORS' COMMUNICATIONS

The Mayor reported a busy Christmas period.

350 PETITIONS

The Leader announced that he had received a petition regarding parking in the Coventry
Road area, Hinckley, to be sent to Leicestershire County Council.

351 QUESTIONS

The following questions had been received in accordance with Council Procedure Rule 11.1:

- (a) Question received from Councillor Smith and addressed to the Leader of the Council

“Radically altered shopping habits and a much changed retail environment is putting great pressure on high streets and town centres throughout the country. The Town Centre Partnership in Hinckley has worked well with the Borough and County councils to try to boost local trade but our area is not immune from the difficulties affecting the retail sector so what measures over the next year or so will the Council be taking to promote Hinckley as an attractive shopping choice?”

Response from Councillor Bray

“Thank you for your question Councillor Smith.

You are correct in that the Council works very closely and successfully with its Town Centre partners. Numerous measures are being planned to assist in ensuring Hinckley town centre remains a vibrant place to visit and shop. These include:

- The continued development of the Loyalty Card Scheme which encourages local spend – over 4500 participate.
- £20k external funding has recently been secured via Portas and LCC for online and social media training and new business support.
- A dynamic events calendar has been produced and distributed aimed at increasing footfall – 54,000 participants in 2012
- The Council is working alongside traders who stand on our Markets with the aim to sustain and grow its excellent reputation
- The Business Improvement District Team continues to offer an excellent service to local stakeholders
- Car parking fees have been reduced at certain times encouraging easier and more affordable access to shoppers.

Please be assured that Town Centre partners are working collaboratively to maximise opportunities.

I can also confirm that from April 1st we will be cutting the bottom two tariffs short stay parking charges in an effort to boost the numbers of people visiting the town.”

- (b) Question received from Councillor Bessant and addressed to the Leader of the Council

“Would the Leader of the Council please update Members on the status of the Bus Station redevelopment? Can he especially confirm to Members that the Administration is still on track to deliver the redevelopment exactly as he has promised to the people of this Borough?”

Response from Councillor Bray

“Thank you Councillor Bessant for your question.

As you will be aware, the Council resolved to amend the Development Agreement which it has with Tin Hat Regeneration Partnership at its meeting in November 2012. The reason explained for this was that following discussions with the Developer, it had become clear that due to the challenging economic climate, the most effective way of delivering the development would be in two stages, the initial stage being the food store, the Cinema, the family restaurants and bus station and public realm.

Following that decision, Sainsbury's have been considering the impact of the changes proposed by Tin Hat. These matters are still under discussion between all parties with a view to securing the most positive outcome. I have requested that Officers bring back a report to Council once they have clarity over any further changes to the phasing and delivery timetable."

As a supplementary question, Councillor Bessant asked for more specific information on timescales. In response, the Leader stated that he would seek to have an item on the agenda for the next Council meeting if possible.

352 LEADER OF THE COUNCIL'S POSITION STATEMENT

In presenting his position statement, the Leader outlined the busy forthcoming Executive agenda, the recommendation to reduce the car parking charges in Hinckley Town Centre, and the work being prepared on the 2013/14 budget.

353 MINUTES OF THE SCRUTINY COMMISSION MEETING HELD ON 8 NOVEMBER & 20 DECEMBER 2012

The minutes of the previous Scrutiny Commission meetings were noted.

354 CITY DEALS

Members received a report which informed them of the second wave of City Deals and of the invitation to be part of the Coventry and Leicester City Deals. Members welcomed the report and reiterated the need to improve skills provision locally. It was moved by Councillor Bray, seconded by Councillor Bill and unanimously

RESOLVED –

- (i) the invitation to be part of the Coventry and Leicester City Deals be noted;
- (ii) the expressions of interest to Government for the Coventry & Warwickshire City Deal and the Leicester & Leicestershire City Deal be endorsed;
- (iii) authority be delegated to the Chief Executive in consultation with the Leader, or their representatives, to negotiate details of the final 'City Deal(s)' on behalf of the authority, and to report back to Council in due course, should either or both expressions of interest be confirmed as successful in February 2013.

Councillor Taylor entered the meeting at 7.15pm.

355 DECC LOCAL AUTHORITY FUNDING COMPETITION

Members were informed of the award by the Department of Energy and Climate Change (DECC) of £3,092,600 to the seven district councils of Leicestershire and Rutland

County Council, for the Green Deal Pioneer Places Fund and the Fuel Poverty Fund. It was reported that this was the second highest award in the country, and also that HBBC was leading on the Leicestershire project. It was moved by Councillor Gould, seconded by Councillor Mullaney and unanimously

RESOLVED –

- (i) the achievement of the Private Sector Housing team in submitting an ambitious and successful bid for funding to the DECC on behalf of the district councils in Leicestershire and Rutland County Council be acknowledged;
- (ii) a supplementary income and expenditure budget for the value of the grant and the payments to partners be endorsed, and a £380,000 expenditure budget for the council's element of the spend be noted;
- (iii) Hinckley & Bosworth Borough Council be endorsed as the accountable body for the whole project.

356 TENANCY STRATEGY & TENANCY POLICY

Having declared a pecuniary interest in this item, Councillors Allen, Boothby, Smith and Sprason left the meeting at 7.24pm.

Members were presented with the Tenancy Strategy & Tenancy Policy which had been updated in light of new obligations and freedoms under the Localism Act 2011. It was moved by Councillor Mullaney, seconded by Councillor Bray and unanimously

RESOLVED –

- (i) the adoption of the Tenancy Strategy and Tenancy Policy be approved;
- (ii) the consultation which had been undertaken on the Tenancy Strategy and Tenancy Policy be noted;
- (iii) the unchanged policy with respect to flexible tenancies be noted;
- (iv) the intention not to convert housing stock into affordable rent be noted.

Councillor Allen, Smith & Sprason returned to the meeting at this juncture.

357 FINANCIAL REGULATIONS REVIEW

Members were presented with proposed changes to the Financial & Contract Procedure Rules. These had been updated to reflect changes in legislation, processes, job titles, committee structure and minor alterations recommended by Internal Audit. On the motion of Councillor Lynch, seconded by Councillor Bray, it was unanimously

RESOLVED – the changes to the Financial and Contract Procedure Rules be approved.

358 LOCALISATION OF COUNCIL TAX SUPPORT

Members received a report which set out the Council's proposed responses to the measures contained in the Local Government Finance Bill, the proposed Local Council Tax Support Scheme and recommended delegations of power to allow implementation of the proposals within the required timescales.

During discussion, Members expressed concern regarding the changes initiated by Government, including those affecting parish councils and the setting of their precept and the effect of the changes on the poorest people in society. Councillor Bray, seconded by Councillor Bill, proposed an amendment by way of an additional resolution to make representations to Government regarding these concerns including data to support the representations. The amendment was supported without debate. It was moved by Councillor Lynch, seconded by Councillor Bray and unanimously

RESOLVED –

- (i) the Local Scheme of Council Tax Support be approved;
- (ii) the proposed Discretionary Discount Fund be approved;
- (iii) the proposals to take advantage of new powers set out in the Local Government Finance Bill to vary statutory exemptions from Council Tax in respect of vacant and unoccupied dwellings be approved;
- (iv) the financial support offered by major preceptors in respect of the proposed Discretionary Council Tax Discount Fund and the additional administrative costs that would be incurred by the Council under the proposed new arrangements be noted;
- (v) authority be delegated to the Deputy Chief Executive (Corporate Direction) in consultation with the relevant Executive Member to make all detailed arrangements required to implement the proposed local scheme of Council Tax Support, the proposed Discretionary Council Tax Discount Fund and the variations to statutory exemptions from Council Tax;
- (vi) the Council continues to make strong representations to Government regarding its very real concerns about the effects of the scheme, immediately on those on lower incomes and, in the longer term, on the funding for local parish councils, especially those smaller parishes in rural areas.

At the conclusion of this item, Councillor Boothby returned to the meeting.

359 ASBESTOS TREATMENT SUPPLEMENTARY BUDGET

Members were informed of a situation which had arisen during the course of work being carried out to some local authority housing where the risk of asbestos had been identified in the loft space of a small number of British Iron and Steel Federation Non-Traditional houses. It was reported that work had been commenced as a matter of urgency on the instruction of the Chief Executive, and a supplementary budget was required to continue carrying out the work, including to those properties that had been sold under the 'Right to Buy' scheme.

Some Members were concerned about the precedent that may be set by paying for works to privately owned property, and officers confirmed that assurance had been given that it would not set a precedent, but that Members had to weigh this up against the moral responsibility for the matter.

It was moved by Councillor Moore and seconded by Councillor Allen that the item be deferred to await further information on the timescales, number of houses in question that had been sold under the Right to Buy and then re-sold again (and therefore would have had a survey), and the possibility of offering an interest-free loan to the homeowner. Following a response that some of the work had had to commence due to the urgent nature, and also explanation of the risk of neighbouring houses with shared roof space but in separate ownership and only one having the asbestos removed, Councillors Moore and Allen withdrew their motion.

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

RESOLVED – the supplementary budget of £130,000 from the Housing Revenue Account (responsive repairs) to enable all of the required works to be carried out be approved.

360 LEICESTERSHIRE REVENUE & BENEFITS PARTNERSHIP BUDGET 2013/14

Members received a report which sought approval of Hinckley & Bosworth Borough Council's contribution to the 2013/14 budget for the Leicestershire Revenue and Benefits Partnership. Members highlighted the partnership as a good example of partnership working and suggested that an item be brought to the Scrutiny Commission on it. Some Members expressed concern about the impact on the Revenue & Benefits team when the universal credits scheme is introduced in 2014. On the motion of Councillor Lynch, seconded by Councillor Bray, it was unanimously

RESOLVED – Hinckley & Bosworth Borough Council's contribution to the Leicestershire Revenues and Benefits Partnership of £57,350 for 2013/14 be approved.

361 TREASURY MANAGEMENT STRATEGY AMENDMENT

Members received a report which proposed a revision to the Council's Treasury Management Strategy in light of receipt of Regional Growth Funding. It was moved by Councillor Lynch, seconded by Councillor Bray and unanimously

RESOLVED – the amendment to the Treasury Management strategy to allow up to £12million of Regional Growth Funding to be held with the Council's own bank for a maximum of three months be approved.

Councillors Batty and Hodgkins were absent for this item.

362 SHARED ICT PARTNERSHIP WITH MELTON BOROUGH COUNCIL

Members were presented with a proposal to share ICT services with Melton Borough Council. Members welcomed the opportunity to create revenue, but asked for more information on the profit for the provider of our ICT services and the contribution to this Council's funds and the increase in workload for our staff and whether this was viable. In response it was explained that this meant extending the contract with Steria, but that we benefited from having introduced a new partner and from Steria increasing the size of their team and therefore the cover provided. On the motion of Councillor Lynch, seconded by Councillor Bray it was unanimously

RESOLVED –

- (i) Hinckley & Bosworth Borough Council accepts the delegation of the ICT function from Melton Borough Council under section 101 of the Local Government Act 1972;
- (ii) once delegated, the ICT service for Melton Borough Council be provided by Steria Limited;
- (iii) the formation of an Officer Board for management of the shared ICT service consisting of the Chief Executive and Deputy Chief Executive (Corporate Direction) of this Council, the Chief Executive of Oadby & Wigston Borough Council, the Chief Executive and Corporate Transformation Manager of Blaby District Council, and the Chief Executive and Head of Central Services of Melton Borough Council be approved;
- (iv) authority be delegated to the Chief Executive and Deputy Chief Executive (Corporate Direction) to agree and implement the shared ICT service arrangement and to accept delegation from Melton Borough Council.

363 MOTIONS ON NOTICE

It was noted that the motion submitted by Councillor Crooks would be deferred to the next meeting.

(The Meeting closed at 8.30 pm)

MAYOR

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Agenda Item 9

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

31 JANUARY 2013 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman
Mr PAS Hall and Mr C Ladkin – Vice-Chairman

Mr PR Batty, Mrs WA Hall, Mrs L Hodgkins, Mr DW Inman, Mr R Mayne (for Mr MS Hulbert), Mr K Morrell, Mr K Nichols and Mrs S Sprason

Also in attendance: Councillor JS Moore and Councillor Miss DM Taylor

Officers in attendance: Steve Atkinson, Katherine Bennett, Louisa Horton, Julie Kenny, Sanjiv Kohli, Tracy Miller, Robert Morgan and Rebecca Owen

380 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Hulbert with Councillor Mayne substituting in accordance with Council Procedure Rule 4.4.

381 MINUTES

On the motion of Councillor Nichols, seconded by Councillor P Hall, it was

RESOLVED – the minutes of the meeting held on 20 December 2013 be confirmed and signed by the Chairman.

382 DECLARATIONS OF INTEREST

No interests were declared at this stage.

383 DRAFT GENERAL FUND REVENUE BUDGET 2013/14

The Commission was provided with the draft 2013/14 General Fund budget. During discussion, the following was raised:

- The future of the New Homes Bonus was queried and concern was expressed about the potential for the scheme to end in two years' time and the impact this would have on Council and Parish funding. The Chief Executive agreed to seek clarity over future funding from DCLG.
- The implications of the Council Tax Support Grant were questioned in light of the proposals to freeze council tax for the fifth year running. Members were informed that to increase it by 2% or more would require a referendum, which would cost more than the revenue from the Council Tax. The importance of keeping a balance between supporting the most vulnerable and keeping Council Tax increases to a minimum was reiterated.
- Concern was expressed regarding the additional work of having to chase and take action against debtors due to the change in the way benefits are paid.
- A Member asked for the monetary value of the 18.5% pension contribution and officers agreed to look into it and provide a response.

Members requested that a meeting be arranged as soon as possible to agree future plans regarding the Council Tax Scheme for 2014/15 and future Council Tax levels.

384 DRAFT HOUSING REVENUE ACCOUNT BUDGET 2013/14

Members were provided with the draft Housing Revenue Account estimates for 2013/14. It was noted that the budget was linked to the Council's priorities and business plans and had also undergone consultation with tenants. A Member suggested that consultation with those already in council properties was not the most representative as they would favour improvements to their homes over the building of new homes.

In response to Members questions, the following was noted:

- An increase in Right to Buy had been seen over the previous quarter;
- Convergence was anticipated during 2015/16;
- The 20% sample for the stock condition survey was an unusually large sample but therefore felt to be more representative. Officers agreed to bring this to the next meeting of the Commission.

385 DRAFT CAPITAL PROGRAMME 2013/14

Consideration was given to the capital programme 2012/13 to 2015/16. Projects such as the Leisure Centre and the sale of Argents Mead site were discussed. A Member raised concerns about the Parish & Community Initiative Fund and his recollection that it was agreed that if a parish had received a grant one year, they couldn't apply again the following year. Officers agreed to find out whether this was the case.

Further concern was expressed regarding the reduction in the Disabled Facilities Grants in 2014/15 and the risk of creating a backlog again. The Commission was reminded of the valuable work it had done in scrutinising the Disabled Facilities Grant situation which had led to an increase in funding and a reduction in the waiting times, but it now appeared to be reverting to less than its original funding.

A report on Disabled Facilities Grants was requested for the next meeting of the Commission.

386 DRAFT TREASURY MANAGEMENT STRATEGY & PRUDENTIAL INDICATORS

Members received a report which outlined the council's prudential indicators for 2012/13 to 2015/16, including the treasury management strategy statement and Minimum Revenue Provision Policy. Members noted the contents.

387 TREASURY MANAGEMENT THIRD QUARTER UPDATE

Members received this report which had been deferred from the cancelled Finance, Audit & Performance Committee. The reduction in government funding in addition to the lack of interest payable was highlighted.

Councillor Ladkin was absent during this item.

388 UPDATE ON BUSINESS RATES RETENTION & POOLING

Members were informed that there was no information to update at the present time except to confirm that the Council was part of the Leicestershire Pool for 2013/14.

Councillors Batty and Hodgkins and Ladkin were absent during this item.

389 COUNCIL TAX BASE FOR LOCAL PRECEPTING AUTHORITIES

The Scrutiny Commission received a report which informed of financial arrangements for local precepting authorities. Concern was expressed that for larger parish councils, such as Burbage, this would mean a substantial sum of money.

Councillors Batty and Ladkin were absent during this item.

390 PERFORMANCE MANAGEMENT FRAMEWORK

Members were provided with the Council's second quarter position with regard to performance indicators, service improvement plans and corporate risks. This report had been deferred from the cancelled Finance, Audit & Performance Committee.

Concern was expressed regarding the decrease in the number of invoices paid on time. In response it was reported that since bringing the Housing Repairs service in-house there were many more invoices to pay, and when using local businesses and having to pay them within ten working days, if a pay run was missed it was very easy to exceed the recommended time limit. Commitment was given, however, to improving this figure.

With regard to answering calls within 45 seconds, such problems as an increase in calls, the impact of having to train new staff which can take 6 months, and the recent weather conditions were acknowledged.

The Commission wished to congratulate staff on achieving the District Council of the Year Govmetric award for customer satisfaction.

391 DEVELOPER CONTRIBUTIONS UPDATE

Members received the six-monthly update on the position regarding Section 106 contributions with a five year claw back clause but that had not been spent within the five year period, and those that were over four years old but not beyond the five year threshold.

Members expressed concern about two particular sites – Oxford Street, Earl Shilton, and Westfield Road, Hinckley, and it was requested that a further report be brought to the next meeting detailing the situation surrounding these two contributions.

392 PLANNING APPEAL DECISIONS

The Commission was informed of the Planning and Enforcement Appeals which had been determined and found against the Local Planning Authority since the last update. Concern was expressed with regard to different Inspectors using different approaches for calculating the five year housing land supply. It was suggested that legal advice be sought on challenging the decision.

393 SIGNING UP TO CLIMATE LOCAL

The Commission received a report which sought to advise Members of the Local Authority Climate Change declaration initiative and to discuss signing up to it. It was noted that it would work on the previous Action Plan and would not necessitate a second plan. Members supported signing up to Climate Local.

394 SCRUTINY COMMISSION WORK PROGRAMME 2012-13

Members were presented with the 2012-13 work programme. It was noted that those items agreed at this meeting would be added to the work programme.

395 MINUTES OF MEETING MONDAY, 10 DECEMBER 2012 OF FINANCE, AUDIT & PERFORMANCE COMMITTEE

The minutes of the Finance, Audit & Performance Committee were noted.

396 MINUTES OF MEETING MONDAY, 17 DECEMBER 2012 OF BARWELL & EARL SHILTON SCRUTINY GROUP

The minutes of the Barwell & Earl Shilton Scrutiny Group were noted. It was suggested that the group should have some input into the consideration of the Planning application for Barwell SUE.

(The Meeting closed at 8.45 pm)

CHAIRMAN

COUNCIL – 21 FEBRUARY 2013

REPORT TITLE : ICT BUDGET RE-PROFILING
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

In accordance with financial procedure rules, to seek member approval for the re-profiling of the ICT capital budgets to procure of the latest version of Microsoft Desktop Software at a discounted rate.

2. **RECOMMENDATION**

Members approve the re-profiling of £150,000 from the general renewals and server renewals approved capital budgets for the next 3 years into the capital budget for 2012/13. This will save the Council £20,150 over the 3 year period.

3. **BACKGROUND TO THE REPORT**

HBBC currently run Microsoft XP and Office 2003 software products. These have been superseded and are approaching ten years old. The ICT strategy has been to maximise our investment by running this software until such a point that it is anticipated that within the next 12-18 months the age of the software will start to have an operational impact. We have now reached this point.

The Microsoft Desktop Suite is a key component of the ICT Infrastructure and suppliers have already given notice that they will not support their products running on Windows XP and Office 2003. Failure to upgrade the Microsoft products will therefore leave us in a vulnerable position and risk impacting day to day business processes.

ICT had planned to procure the software over a three year period, however, by 'pre paying' for the software in one year there is a financial saving to the Authority of £20,150.

4. **FINANCIAL IMPLICATIONS [AB]**

The capital project that was presented to Executive Brief on the 29th November 2012 reflects the revised profile. This is also reflected in the Programme that will be put forward for approval at this Council. However in accordance with financial procedure rules because the additional cost in the current financial year is above £50,000 the request needs to be approved by Council. As previously stated the procurement method saves the Council £20,150 over three years.

The cost if procured annually over the 3 years would be £171,000. The recommended procurement method will cost £150,000. The interest foregone by making the payment in advance is around £850. The overall net saving to the Council by making this advance payment is therefore £20,150.

The Rolling Server capital project and General Renewals Project will be have to be re-profiled across the next three financial years to enable the procurement to be undertaken in the current financial year

5. **LEGAL IMPLICATIONS [AB]**

None raised directly by this report.

6. **CORPORATE PLAN IMPLICATIONS**

This document Contributes to the Mid Term Financial Strategy, Strategic Objectives 2 and 5 of the Corporate Plan, and the ICT Strategy.

7. **CONSULTATION**

None specific for this report.

8. **RISK IMPLICATIONS**

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
HBBC do not procure the software at the discounted rate which results in a loss of capital for the IT Replacement Programme.	Procure the software as described in this report.	Paul Langham

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

The recommendations contained within the report present no implications with regard to equalities or rural areas. However, the wider redevelopment proposals which have been previously approved by the Council have given full consideration to equality and rural considerations. The development will be of benefit to all groups within the community and all areas of the Borough.

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: none
Contact Officer: Paul Langham x5995
Executive Member: Cllr Keith Lynch

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COUNCIL – 21ST FEBRUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: GENERAL FUND REVENUE BUDGET 2013/2014

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To seek approval of the 2013/2014 General Fund budget.
- 1.2 The General Fund Revenue Budgets have been prepared taking into account the Capital and HRA budgets. The Capital and HRA budgets are presented as separate reports but should be read in conjunction with this report.

2 RECOMMENDATIONS

- 2.1 That the following be approved:
 - The General Fund service expenditure shown in Table 1
 - The Special Expenses area expenditure shown in Table 2
 - The total General Fund service expenditure for the Council shown in Table 3
 - The proposed movement of General Fund Reserves and balances show in sections 3.16-20

3 BACKGROUND TO THE REPORT

- 3.1 The General Fund Revenue budget for 2013/14 has been drawn up in accordance with the principles set out in the Budget Strategy endorsed by Finance, Audit and Performance Select Committee and Executive in October 2012 and in accordance with the Medium Term Financial Strategy (MTFS). The key objectives of the budget can be summarised as follows:-
 - i) To align expenditure on services to the Council's Corporate Plan.
 - ii) To provide for reductions in grant funding for 2013/14 and future years
 - iii) To encourage identification of savings and income generation opportunities across the Council.
 - iv) To maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
 - v) To maintain an acceptable and viable level of balances in the Special Expenses Area.
 - vi) To keep the overall increase in average Band D Council Tax (including Special Expense Areas) to 0%.

Budget Summary

- 3.2 The revised budget for 2012/13 and the proposed budget for 2013/14 are set out in Table 1 below.

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

	Original Estimate	Revised Estimate	Original Estimate
	2012/13	2013/14	2013/14
	£	£	£
Central Services	3,076,380	3,125,930	3,150,770
Leisure and Environment	6,464,520	6,538,050	6,649,840
Housing (General Fund)	1,161,000	1,170,650	1,326,246
Planning	1,178,290	1,467,990	1,438,555
Direct Service Organisations	-53,190	-7,190	-10,300
Corporate Savings	-100,000	-100,000	0
Further Savings in Year	0	-1,782,040	0
Total service expenditure	11,727,000	10,413,390	12,555,111
<i>Less:</i>			
<i>Special Expenses Area</i>	<i>-549,500</i>	<i>-534,500</i>	<i>-614,430</i>
<i>Capital Accounting Adjustment</i>	<i>-1,461,900</i>	<i>-1,461,900</i>	<i>-1,996,100</i>
<i>Net external interest (received)/paid</i>	<i>92,720</i>	<i>98,620</i>	<i>134,240</i>
<i>IAS19 Adjustment</i>	<i>-13,910</i>	<i>-13,910</i>	<i>-141,350</i>
<i>Transfer to/(from) balances</i>	<i>-452,616</i>	<i>-697,668</i>	<i>-166,199</i>
<i>Revenue Contributions to Capital</i>	<i>0</i>	<i>41,960</i>	<i>0</i>
<i>Transfer to reserves</i>	<i>592,720</i>	<i>2,238,220</i>	<i>396,840</i>
<i>Transfer from reserves</i>	<i>-228,270</i>	<i>-377,968</i>	<i>-267,362</i>
<i>Transfer to/(from) pensions reserves</i>	<i>119,030</i>	<i>119,030</i>	<i>115,510</i>
HBBC Budget Requirement	9,825,274	9,825,274	10,016,260

Special Expense Area

- 3.3 This represents the cost of parks, cemeteries and poop scoop schemes in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals of Table 1 and must be included in the Council's overall budget requirement for capping purposes.
- 3.4 The proposed budgets for the Special Expenses area have been compiled in accordance with the approved Budget Strategy and the overall objective of freezing Council Tax. A separate report was presented to the Hinckley Area Committee on 28th January 2013 detailing the recommendations contained in this report. An additional contribution of £25,000 was agreed at this meeting to fund the cost in the General Fund of reducing short stay car parking charges in 2013/2014.

Table 2 - Special Expenses Budget

	Original Estimate	Revised	Original
		Estimate	Estimate
	2012/13	2012/13	2013/14
	£	£	£
Expenditure	549,500	534,500	614,430
<i>Transfer to/(from) balances</i>	-57,600	-52,480	0
<i>Transfer to/(from) reserves</i>	118,560	177,000	31,804
Net Expenditure	610,460	659,020	646,234
<i>New Homes Bonus</i>	0	-48,560	-92,223
Budget Requirement	610,460	610,460	554,011

3.5 Balances in the Special Expenses Area (SEA) at 31st March 2014 are estimated as follows:

	£
Balance at 1 st April 2012	224,000
Transfer from Balances 2012/13	-52,480
Estimated Balance at 31 st March 2013	<u>171,520</u>
Transfer from Balances 2013/14	0
Estimated Balance at 31 March 2014	<u>171,520</u>

It should be noted that the transfer from balances in 2012/13 was due to a transfer to reserves approved by Council in September 2012. This has therefore not reduced the net resources available to the SEA.

3.6 Earmarked reserves have been set aside for the SEA to meet the cost of Green Space projects within Hinckley. This reserve at 31 March 2014 is projected to be £181,685 based on the following movements

	£
Balance at 1 st April 2012	47,881
Transfer to reserves 2012/13	177,000
Capital Expenditure funding	-75,000
Estimated balance at 31 st March 2013	<u>149,881</u>
Transfer to reserves 2013/14	31,804
Capital Expenditure funding	0
Estimated Balance at 31 March 2014	<u>181,685</u>

Total Council Budget for 2013/14

3.7 The total overall budget for 2013/14 in the direct control of the Council is therefore:

Table 3 - Total Council Budget 2013/14

	Original Estimate 2012/13	Revised Estimate 2012/13	Original Estimate 2013/14
	£	£	£
HBBC Budget Requirement (Table 1)	9,825,274	9,825,274	10,016,260
Special Expenses Budget Requirement (Table 2)	610,460	610,460	554,011
Total Council Controlled Budget Requirement	10,435,734	10,435,734	10,570,271

Revised Original Budget 2012/13

3.8 As part of setting the budget for 2013/14, a formal revised budget for 2012/13 has not been prepared as the original budget has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Table 1 however identifies that additional saving of £1,782,000 (net) have been identified to December 2012 which can be broken down as follows:

	£
Reduction in subsidy income forecast based on in year processing	25,000
Additional income recovered from overpayments	-28,000
HBBC contribution to Leicestershire Troubled Families initiative	30,000
Costs associated with CCTV move to Atkins	16,000
Developer incentive received for the Hinckley Hub	-750,000
Deferral of expenditure relating to the Local Development Framework	-98,500
Savings from rental and service costs following delay in movement to the Hinckley Hub	-90,000
Salary Savings	-248,000
Additional development control income	-140,000
Additional recycling income received	-232,000
Efficiency savings from refuse collection and street cleansing	-87,000
Support service savings (legal, ICT and finance)	-117,000
Internal admin costs associated to be funded by Regional Growth Fund	-58,000
Other small savings	-4,500
	<u>-1,782,000</u>

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

Original Budget 2013/14 – assumptions and process

- 3.9 The 2013/14 General Fund revenue budget has been prepared following a robust budget process outlined in the 2013/14 Budget Strategy, presented to Executive and the Finance, Audit and Performance Select Committee in October 2012. As outlined in the Strategy, the budget was based on the 2012/13 original budget after removing all one off growths.
- 3.10 The budget has been created with clear links to the Councils strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.11 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) in July 2012 was 3.2%, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.12 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2013/14 estimates include a 1% increase for all employees to reflect the agreed pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 4% (£262,123) has been applied to posts to reflect the savings which will result from this challenge.
- 3.13 Service Growths totalling £311,600 endorsed by the Strategic Leadership Board have been included in the draft budget. These included £154,400 which had directly corresponding income streams. In comparison, service managers and the Corporate Operations Board (COB) have identified £754,700 savings through review of income streams and expenditure levels. The base budget has therefore been reduced by this value for all future years.
- 3.14 The Leicestershire Pension Fund was re-valued as at 31 March 2010 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An employers contribution rate of 18.5% has been for the 2013/14 budget with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider.

Original Budget 2013/14 – key issues and considerations

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

Current Financial Position including Working Balances/Level of Reserves

3.16 The Council has the following policies relating to levels of balances and reserves:

- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council's budget requirement. Based on the forecast position for 2012/13 this would determine a need for £982,527 of General Fund balances and £1,001,626 based on the 2013/14 budget. The proposals in this budget report meet this minimum level as indicated in Table 4.
- Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
- There should be no direct contribution from revenue to capital except for specific identified projects.
- Any notional profit earned by the Direct Service Organisations will be transferred to general fund balances.

3.17 The projected movement of the General Fund Balances is detailed below and indicates that sufficient balances are forecast as at 31st March 2014. It should be noted that the transfer from balances for 2012/13 includes £1,066,000 of excess balances that were moved to reserves and does not represent over spends.

Table 4

	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2012	2,293	2,069	224
Amount Taken to /(from) Balances 2012/13	-750	-698	-52
Balances at 31 March 2013	1,543	1,371	172
Amount Taken to/(from)Balances 2012/13	-166	-166	0
Balances at 31 March 2014	1,377	1,205	172
Net Budget Requirement	10,662	10,016	646
Minimum Balance requirement	1,067	1,002	65
Balance surplus /(requirement)	310	203	107

3.18 Appendix A provides a summary of earmarked General Fund reserves together with estimated movements during 2012/13 and 2013/14. Based on these calculations, it is estimated that the Council will hold £6,448,000 in earmarked reserves as at 31st March 2013 and £5,810,000 at 31st March 2014. A full review of the earmarked reserves position will be performed in April 2013 as part of the outturn reporting process Significant uses of reserves include:

Reserve	Transfer £'000	Use
<i>2012/13</i>		
Future Capital Projects	611	This reserve was reduced in year and transferred to the Leisure Centre reserve to fund this specific future capital project
Carry forwards	136	Financing of revenue carry forwards from 2011/12
<i>2013/14</i>		

Local Plan	90	Development of Earl Shilton and Barwell Area Action Plans and development policies
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3.19 In addition to this the following transfers have been proposed to reserves in 2013/14:

Reserve	Transfer £'000	Use
Benefits Reserve	62	This reserve is to allow for variances between estimates for housing benefits and subsidy received. In addition, an amount of £11,000 has been included in this reserve to fund the impact on customer services of changes in Council Tax Benefit.
Business Rates Pooling	60	Following the 2013/14 Finance Settlement, the safety net threshold for this Council has been confirmed as £170,270. The reserve for business rates pooling has therefore been increased to this level to ensure resilience should business rates fall.
Pensions Reserve	200	Following the deferral of pensions "opt in" for the Council to 2017, the cost of the additional pension contributions under this scheme have been placed in a reserve to plan for when the costs arise. This is in addition to the required transfer under accounting standards.
Markets Reserve	15	As identified in 3.32, market income has decreased in year and therefore a risk based reserve has been created to manage the impact of loss of income.
Cultural Services Wellbeing Reserve	30	This reserve provides for the potential loss of Sports and Physical Activity funding in 2013/14.
Leisure	150	An additional £150,000 has been allocated to the Leisure Centre reserve to fund the capital cost of the new Leisure Centre. The total allocations to this reserve over 2012/13 and 2013/14 will be £1,343,000.
Car Parking Income Management	25	This reserve has been created to fund any shortfall in income created by the reduction in short term car parking charges in 2013/2014

3.20 The following table compares the forecast balances in Balances and Reserves to the MTFS. The additional reserves balances can be attributed to the transfer approved by Council in September 2012 and the favourable balances to the savings forecast in the budget for 2013/14

	2013/14 Standstill	2013/14 -5%	2013/14 -10%	Forecast 2013/14
	£	£	£	£
Levels of Reserves	3,796,209	3,796,209	3,796,209	5,810,000
Levels of Balances	1,831,380	1,562,757	1,294,133	1,376,653

Local Government Finance Settlement

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

Financing	2012/13 (£)	2013/14 (£)	Movement (£)	Movement (%)
Council Tax Support Grant	0	544,764	544,764	n/a
Council Tax Payer	3,614,949	3,296,332	-318,617	-8.81%
Council Tax Freeze Grant (2011/12)	105,810	104,914	-896	-0.85%
Council Tax Freeze Grant (2013/14)	0	42,597	42,597	n/a
Revenue Support Grant (RSG)	102,163	2,992,354	2,890,191	
NNDR Baseline	5,270,283	1,990,732	-3,279,551	-7.25%
New Homes Bonus	711,292	1,023,258	311,966	43.86%
New Homes Bonus Adjustment	0	19,243	19,243	n/a
Collection Fund Surplus	20,777	2,066	-18,711	-90.06%
Total Financing	9,825,274	10,016,260	190,986	1.94%

3.22 The following points should be noted:

- Business Rates and RSG have been compared cumulatively in order to identify a total movement in block funding.
- The reduction in core funding for the Council i.e. RSG plus NNDR is therefore £389,360 or 7.25%. The Councils Medium Term Financial Strategy modelled the results for both a 5% and 10% decrease in funding and therefore sufficient resource has been planned for this movement in 2013/14 (see section 3.20)
- Of the £544,764 allocated through Council Tax Support Grant, £143,000 will be allocated to parish councils. The decrease in Council Tax created by the reduction in Council Tax Base has been fully compensated by the General Fund element of the Council Tax Support Grant (£401,764)
- The Council Tax Freeze Grant for 2013/14 is 1% compared to the previous settlements of 2.5%. This grant will be confirmed following approval of the Council Tax for 2013/14
- Following the draft settlement, the Council has been awarded £19,243 in "New Homes Bonus Adjustment" funding. This represents the element of funding that has been removed from the Business Rates retention process and therefore has been "refunded" through New Homes Bonus. This allocation is for one year only
- At an overall financing level, the Council's funding is moderately comparable to prior year. This position has been achieved in part by the level of New Homes Bonus allocated in year. 25% of this core funding will be transferred to parish councils

Outcomes of decisions on pooling of Business Rate

- 3.23 The Local Government Finance Bill allows local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments on growth are made into a local pool rather than paid to Central Government. Correspondingly, losses will be funded from the pool. Under pooling, these net thresholds are set at a pool level (i.e. the total of all individual thresholds)
- 3.24 Ten Leicestershire local authorities including all the District and Borough Councils, the City and County and Fire Authority have committed to participating in a Leicester and Leicestershire business rates pool from 1st April 2013. Based on current forecasts for business rates in 2013/14, it is not currently anticipated that any levy payments will be required in year. However, the ongoing impact of these changes will require monitoring on a regular basis and will be reflected in the Councils Medium Term Financial Strategy

Implementation of a Local Council Tax Scheme (LCTS)

- 3.25 From 2013/14, Council Tax Benefit for non pensioners will be removed and instead, all individuals will be required to pay an element of Council Tax based on an agreed local scheme. From a budget perspective, this has resulted in the removal of Council Tax subsidy (£5,842,570 2012/13) and also Council Tax Benefit payments from the Collection Fund (£5,800,470 in 2012/13). The challenges faced from designing and implementing the new scheme will result in additional resource and ICT costs for the Authority. A local agreement has been reached that elements of these costs will be met by the major preceptors and the 2013/14 budget includes £20,664 of funding for this purpose. In addition, this Council has been granted £50,898 in New Burdens monies to fund the cost of implementing these changes.
- 3.26 From a financing perspective, the LCTS have the result of reducing the council tax base for the Council as income will only be received for a proportion of those properties previously in receipt of Council Tax Benefit. The proposed council tax base for this Council for 2013/14 has been impacted by -3,532.7 properties and, consequently council tax financing has reduced by £318,617 since prior year as indicated in 3.21.
- 3.27 In order to compensate for this loss, the Finance Settlement has included £544,764 of Council Tax Support Grant for this Council in 2013/14. £143,000 of this amount will be passed to parish councils to reduce the impact on their council tax bases. **It is not confirmed if similar funding will be available for future years and the risk of this will be reflected in the revised MTFS.**

New Homes Bonus

- 3.28 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing. The first awards were made in April 2011. For each additional new home built local authorities will receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use.
- 3.29 Based on the number of new properties brought into council tax from October 2011 to October 2012 this Council has been allocated £1,023,258 in New Homes Bonus for 2013/14. This includes the element of funding from previous allocations. As

agreed in December 2011, 25% of this funding (£255,815) will be pass ported to parishes and have been reflected in service expenditure in the 2013/14 budget. It should be noted that although the government have confirmed that this stream of funding will continue for 6 years (this being the third year), there is no certainty beyond this period and given recent changes in local government finance there is a small risk that the funding could be reduced before the end of this period. This risk will be reflected in the next revision of the MTFs.

Income Reductions and Increases

3.30 A significant proportion of the Council's overall income comes from fees and charges levied on particular services provided by the Council. In the current climate, levels of income are extremely volatile and a number of movements have arisen in 2012/13 which have been taken into account in the 2013/14 budget. These include:

- Additional forecast income for development control of circa £140,000 following large applications such as the Barwell SUE
- An increase in trade waste collection from commercial customers of £36,000. Recycling sales and credits have also increased by £50,000 to reflect the larger collection sizes
- £18,000 additional planning fees following review of charging regimes for all elements of this service
- Car Parking fees have remained in line with budget in year, though penalty charge notice income is forecast to increase by around £10,000. The 2013/14 budget takes into account the impact of car parking income following relocation of the Council offices from Argents Mead and also the revision in the short stay charges.
- Market income has been adversely affected in 2012/13 due to a decrease in street sellers and adverse weather conditions. The 2013/14 budget includes a reserve for £15,000 to manage the impact of losses in income.

3.31 The 2013/14 budget should be read in conjunction with the Council's Fees and Charges book for 2013/14 which was approved by Executive on 19th February 2013. This document reflects the annual review of all Council income streams and any variations in charging regimes.

Economic Outlook

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

3.33 The Base Rate is currently 0.5% and has been at this historically lower level since March 2009. This level has been assumed in the 2013/14 budget to ensure that a prudent level of investment income is assumed. Net interest costs for the Council have been estimated at £134,240 and are based on a detailed cash flow and borrowing forecast for the forthcoming year.

Major Projects

3.34 Appropriate provision has been made in the budget for the revenue consequences of the Council's Major Projects in 2013/14. As these are primarily capital projects, the full impact is detailed in the Capital Programme. The Capital Programme also details the capital financing of a number of large schemes which will commence in 2014/15, including the capital build of the new leisure centre.

- 3.35 The Council received in 2012/13, final approval of Regional Growth Funding for the development of the A5 and association infrastructure at the MIRA Enterprise Zone. The value of this funding is £19,474,029. As the majority of these funds will be held by the Council “on trust” before payment to MIRA, these are not reflected in the Council’s expenditure budget for 2013/14

COUNCIL TAX

- 3.36 One of the directions of the Comprehensive Spending Review (CSR10) published in October 2010 was that Council’s should seek to set a zero increase in council tax where possible for the years of the spending review. In 2013/14, the Government has announced a 1% Council Tax Freeze Grant for those Councils who achieve this objective. This is in addition to the previous 2.5% grants offered in previous years.
- 3.37 In order to curb excessive increases in council tax, the Secretary of State for Communities and Local Government has announced that for 2013/14 Councils setting council tax increases of over 2% would need to carry out a referendum. This is a reduction from the 3.5% threshold set in prior year. The estimated cost of carrying out a referendum for this Borough would be between £110,000 and £120,000.
- 3.38 The 2013/14 budget has been based on a 0% increase in Council Tax. The associated Council Tax Requirement is presented elsewhere in this agenda.

4 FINANCIAL IMPLICATIONS (KB)

As contained in the report.

5 LEGAL IMPLICATIONS (AB)

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

6 CORPORATE PLAN IMPLICATIONS

Value for money services are provided where economies of scale are achieved whenever possible, without reducing (and where possible enhancing) the delivery experience

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

7 CONSULTATION

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August/September 2012.

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

8 RISK IMPLICATIONS

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

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

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

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

9 KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

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

10 CORPORATE IMPLICATIONS

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

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

Contact Officer : Katherine Bennett, Head of Finance ext 5609

Executive Member : Councillor K.W.P. Lynch

Appendix A – General Fund Earmarked Reserves

	1st April 2012	Transfers	Trasnfers	Capital	31st March 2013	Transfers	Trasnfers	Capital	31st March 2014
	Balance	Out	In	Out	Forecast Balance	Out	In	Out	Forecast Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commutation & Feasibility Reserve	-288	35	0	85	-168	41	0	0	-127
Benefits Reserve	-271	0	-208	0	-479	11	-62	0	-530
Hub Future Rental Management Reserve	-250	0	-750	0	-1,000	85	0	0	-915
Special Expenses Reserve	-48	0	-177	75	-150	0	-32	0	-182
Local Plan Procedure Reserve	-440	26	-73	0	-487	90	0	0	-397
Atkins Partitioning Reserve	-9	0	0	0	-9	0	0	0	-9
Business Rates Pooling Reserve	0	0	-110	0	-110	0	-60	0	-170
Historic Buildings Loan Fund Reserve	-14	0	0	0	-14	0	0	0	-14
Relocation Reserve	-317	0	-346	348	-315	10	0	0	-305
Future Capital Projects Reserve	-611	611	0	0	0	0	0	0	0
Modern.E Gov Reserve	-3	0	0	0	-3	0	0	0	-3
Greenfields Reserve	-10	0	0	0	-10	0	0	0	-10
Community Safety Reserve	0	0	-3	0	-3	0	0	0	-3
Leisure Reserve	0	0	-1,193	100	-1,093	0	-150	900	-343
Year End Carry Forwards Reserve	-136	136	0	0	0	0	0	0	0
Troubled Families Reserve	0	30	-90	0	-60	30	0	0	-30
Building Control Reserve	-134	0	0	0	-134	0	0	0	-134
Land Charges Reserve	-51	20	0	0	-31	0	0	0	-31
ICT Reserve	-254	0	0	41	-213	0	0	0	-213
Waste Management Reserve	-243	0	-60	0	-303	0	0	15	-288
Project Management/Master Plan Reserve	-333	0	0	0	-333	0	0	0	-333
Shared Services Reserve	-74	0	0	0	-74	0	0	0	-74
Grounds Maintenance H&S Reserve	-25	0	0	0	-25	0	0	0	-25
Planning Delivery Grant Reserve	-172	36	0	15	-121	0	0	0	-121
Flexible Working Reserve	-15	0	0	0	-15	0	0	0	-15
IFRS Capacity Support Reserve	-2	2	0	0	0	0	0	0	0
Freedom of Information Training Reserve	-3	3	0	0	0	0	0	0	0
New Performance Improvement Reserve	-10	2	0	0	-8	0	0	0	-8

Housing Energy Cert Training Reserve	-11	0	0	0	-11	0	0	0	-11
Finance Capacity Fund Reserve	-20	0	0	0	-20	0	0	0	-20
Priority Improvements Reserve	-70	70	0	0	0	0	0	0	0
Workforce Strategy Reserve	-3	0	-10	0	-13	0	0	0	-13
Election Reserve	-62	0	0	0	-62	0	0	0	-62
Grounds Maintenance Reserve	-50	0	0	14	-36	0	0	0	-36
Pension Reserve	-49	0	-119	0	-168	0	-200	0	-368
Transformation Reserve	-50	0	0	0	-50	0	0	0	-50
Markets Income Management Reserve	0	0	0	0	0	0	-15	0	-15
Cultural Services Wellbeing Reserve	0	0	0	0	0	0	0	0	0
Young Peoples Reserve	0	0	-5	0	-5	0	0	0	-5
Car Parking Income Management Reserve	0	0	0	0	0	0	-25	0	-25
Unapplied grants and contributions	-942	17	0	0	-925	0	0	0	-925
Total Earmarked Reserves	-4,970	988	-3,144	678	-6,448	267	-544	915	-5,810

Note: All reserves are "credit" balances and therefore are shown as negative figures for accounting purposes

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COUNCIL – 21ST FEBRUARY 2013

CALCULATION OF COUNCIL TAX FOR 2013/14
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1 **PURPOSE OF REPORT**

- 1.1 In the earlier report (ref: 11), Council has been asked to endorse the 2013/14 General Fund Revenue Budget. Council is now also asked to formally approve the Council Tax for the financial year 2013/14.

2 **RECOMMENDATIONS**

In accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended by Local Government Finance Act 2012) it is recommended that for 2013/14:

- 2.1 The Council's budget requirement, as set out in the General Fund Revenue Budget 2013/14 (report 11), excluding Special Expenses and Parish Councils be £10,016,260.
- 2.2 The Council's budget requirement as set out in the General Fund Revenue Budget 2013/14 (Report 12), including Special Expenses, be £10,570,271.
- 2.3 The Council's total net budget requirement including Special Expenses and Parish Councils be £11,996,403.
- 2.4 The contribution from Revenue Support Grant and Non Domestic Rates (indicated by the NNDR Baseline) be £4,983,086.
- 2.5 A surplus of £2,066 on the Collection Fund will be transferred to an earmarked Reserve in accordance with Council policy in 2013/14
- 2.6 The Council Tax for Borough wide services, excluding Special Expenses and Parish Council precepts, for Band D be £95.96 (the same level as the previous 3 years)
- 2.7 The Council Tax for Borough wide services and an average of Special Expenses Services for Band D be £112.09
- 2.8 The basic amount of Council Tax, being the tax relating to Borough wide services and an average of Special Expenses and Parish Council services for Band D, be £153.61
- 2.9 The total Council Tax, including amounts for the County Council, Police Authority, and Fire Authority and for each area and valuation band be approved (Attached as Appendix A).
- 2.10 The calculation of the estimated surplus on the Collection Fund be delegated to the Deputy Chief Executive (Corporate Direction). The surplus will be transferred in accordance with Council's Policy to the Pension Reserve.

3 **BACKGROUND TO REPORT**

- 3.1 The General Fund Revenue Budget for 2013/14 has been drawn up in accordance with the principles set out in the Budget Strategy agreed by Executive and endorsed by the Finance, Audit and Performance Select Committee in October 2012 and in accordance with the Medium Term Financial

Strategy. The key objectives are summarised in the General Fund Revenue Budget 2013/14 (Report 11).

- 3.2 The Council Tax Base was approved at Executive on 30th January and due to rounding this is 34,351.1
- 3.3 In addition to the Borough wide element, the Borough Council, as billing authority, has to collect Council Tax elements on behalf of the County Council, the Police Authority, the Combined Fire Authority, Parish Councils and the Special Expenses Area. These other bodies issue precepts to the Borough Council specifying the amounts to be collected. These amounts are then paid over during the year in accordance with statutory timescales.
- 3.4 The full "Budget Book" detailing further details on all Council budgets is available for members in the Members' room. Members are requested to raise any specific questions directly with the Deputy Chief Executive (Corporate Direction), Head of Finance, or the relevant service manager.

4 COUNCIL TAX 2013/14

- 4.1 The approved budgets for this Council result in an average increase in Council Tax both excluding and including the Special Expenses area of Hinckley, of 0%. This ensures this Council is eligible for receipt of a Council Tax Freeze Grant for 2013/14 equivalent to 1% (£42,597)
- 4.2 At the time of writing this report, formal ratification of the Council Tax and precept for Leicestershire County Council, Leicestershire Police Authority and Leicester, Leicestershire and Rutland Combined Fire Authority was pending. The figures in this report have therefore been based on proposed levels. Any change following formal ratification will be tabled at this meeting.
- 4.3 The County Council element of the Council Tax has increased by 0% compared with 2012/13, the Police element has increased by 0%, and the Combined Fire Authority element has increased by 9.4%.

The resulting Council Tax amount for each valuation band is as follows:

Valuation Band	A £	B £	C £	D £	E £	F £	G £	H £
Leicestershire County Council	708.67	826.78	944.89	1,063.00	1,299.22	1,535.44	1,771.66	2,126.00
Leicestershire Police Authority	115.91	135.24	154.56	173.88	212.51	251.15	289.79	374.75
Combined Fire Authority	38.92	45.41	51.89	58.38	71.35	84.33	97.30	116.76

- 4.4 The 2013/14 Council Tax relating to Special Expenses items of expenditure for Band D is £58.63, an increase of 0% over 2012/13.
- 4.5 The average 2013/14 Council Tax relating to Parish Council items of expenditure, including Special Expenses, for Band D is £57.64, an increase of 2.7% over 2012/13.
- 4.6 The average total amount of Council Tax due at Band D will be £1,448.87 for 2013/14, an increase of 0.4% over 2012/13. The actual percentage increase for each taxpayer will vary depending on the area in which they live.

4.7 In summary, the average band D Council tax is made up as follows:

Precepting Authority	2013/14 Tax	2012/13 Tax	Increase
Leicestershire County Council	£1,063.00	£1,063.00	0%
Combined Fire Authority	£58.38	£53.38	9.4%
Leicestershire Police Authority - *	£173.88	£173.87	0%
Hinckley & Bosworth Borough Council Including Special Expenses	£112.09	£112.17	(0.1)%
Parish Councils	£41.52	£39.95	3.9%
Total Council Tax	<u>£1,448.87</u>	<u>£1,442.37</u>	0.4%

* Leicester Police Authority have frozen council tax at £173.875 it has been rounded down in 2012/13 and rounded up in 2013/14

5 FINANCIAL IMPLICATIONS (KB)

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

6 LEGAL IMPLICATIONS (LH)

These are contained within the body of the report.

7 CORPORATE PLAN IMPLICATIONS

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

8 CONSULTATION

The Council consulted on all budget priorities in the Budget Setting Survey conducted in August/September 2012.

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

9 RISK IMPLICATIONS

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

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

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

10 KNOWING YOUR COMMUNITY – EQUALITY & RURAL IMPLICATIONS

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

11 CORPORATE IMPLICATIONS

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

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

Background Papers: DCLG notification of contributions.

Notification of Leicestershire County Council precept.

Notification of Leicestershire Police Authority precept.

Notification of Leicester, Leicestershire and Rutland Combined Fire Authority precept.

Notification of Parish Council precepts.

Contact Officer: Katherine Bennett, Head of Finance ext 5609

Executive Member Cllr. K.W.P. Lynch

APPENDIX A

COUNCIL TAX 2013/14

VALUATION BAND PROPORTION OF BAND D	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
	£p	£p	£p	£p	£p	£p	£p	£p
Parish								
HINCKLEY	966.57	1,127.66	1,288.76	1,449.85	1,772.04	2,094.23	2,416.42	2,899.70
BAGWORTH	996.82	1,162.96	1,329.09	1,495.23	1,827.50	2,159.78	2,492.05	2,990.46
BARLESTONE	971.19	1,133.06	1,294.92	1,456.79	1,780.52	2,104.25	2,427.98	2,913.58
BARWELL	970.56	1,132.32	1,294.08	1,455.84	1,779.36	2,102.88	2,426.40	2,911.68
BURBAGE	963.88	1,124.53	1,285.17	1,445.82	1,767.11	2,088.41	2,409.70	2,891.64
CADEBY	948.68	1,106.79	1,264.91	1,423.02	1,739.25	2,055.47	2,371.70	2,846.04
CARLTON	952.25	1,110.96	1,269.67	1,428.38	1,745.80	2,063.22	2,380.63	2,856.76
DESFORD	968.31	1,129.70	1,291.08	1,452.47	1,775.24	2,098.01	2,420.78	2,904.94
EARL SHILTON	966.06	1,127.07	1,288.08	1,449.09	1,771.11	2,093.13	2,415.15	2,898.18
GROBY	968.23	1,129.61	1,290.98	1,452.35	1,775.09	2,097.84	2,420.58	2,904.70
HIGHAM	954.46	1,113.54	1,272.61	1,431.69	1,749.84	2,068.00	2,386.15	2,863.38
MARKET BOSWORTH	959.75	1,119.70	1,279.66	1,439.62	1,759.54	2,079.45	2,399.37	2,879.24
MARKFIELD	969.51	1,131.10	1,292.68	1,454.27	1,777.44	2,100.61	2,423.78	2,908.54
NAILSTONE	955.25	1,114.45	1,273.66	1,432.87	1,751.29	2,069.70	2,388.12	2,865.74
NEWBOLD VERDON	963.32	1,123.87	1,284.43	1,444.98	1,766.09	2,087.19	2,408.30	2,889.96
OSBASTON	948.36	1,106.42	1,264.48	1,422.54	1,738.66	2,054.78	2,370.90	2,845.08
PECKLETON	957.18	1,116.71	1,276.24	1,435.77	1,754.83	2,073.89	2,392.95	2,871.54
RATBY	968.34	1,129.73	1,291.12	1,452.51	1,775.29	2,098.07	2,420.85	2,905.02
SHACKERSTONE	954.89	1,114.03	1,273.18	1,432.33	1,750.63	2,068.92	2,387.22	2,864.66
SHEEPY	954.89	1,114.03	1,273.18	1,432.33	1,750.63	2,068.92	2,387.22	2,864.66
STANTON-U-BARDON	960.45	1,120.53	1,280.60	1,440.68	1,760.83	2,080.98	2,401.13	2,881.36
STOKE GOLDING	955.71	1,114.99	1,274.28	1,433.56	1,752.13	2,070.70	2,389.27	2,867.12
SUTTON CHENEY	951.63	1,110.23	1,268.84	1,427.44	1,744.65	2,061.86	2,379.07	2,854.88
TWYCROSS	947.29	1,105.17	1,263.05	1,420.93	1,736.69	2,052.45	2,368.22	2,841.86
WITHERLEY	952.65	1,111.42	1,270.20	1,428.97	1,746.52	2,064.07	2,381.62	2,857.94

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COUNCIL – 21ST FEBRUARY 2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE : HOUSING REVENUE ACCOUNT ESTIMATES 2013/14

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 To seek approval of the 2013/2014 Housing Revenue Account (HRA) budget.

2. RECOMMENDATIONS

2.1 That the Housing Revenue Account budget and associated reserve and balances movements be approved.

3. BACKGROUND TO REPORT

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

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

Revised 2012/13 budget

3.2 As part of setting the budget for 2013/14, a formal revised budget for 2012/13 has not been prepared as the original budget has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. Appendix A however identifies that the forecast surplus on the Housing Revenue Account has decreased by £310,087 in year. The reasons for this movement are summarised below:

	£
Loss of rental income associated from increased levels of void loss	50,000
Cost of conducting additional consultancy work and a stock validation survey to update details held on property archetype and bedroom numbers	59,613
Reforecast interest costs following confirmation of buy out debt	240,000
Additional transfer to regeneration reserve approved by Council (Sept 12)	114,280
Salary savings	-76,200

Savings in consultancy and audit fees	-14,000
Savings in central and admin costs following delay in move to Hinckley Hub	-23,000
Additional Supporting people and lifeline income	-37,000
Other minor savings	-3,606
Net additional costs	310,087

Draft 2013/14 Budget

- 3.3 2012/13 was the start of a new era in Council Housing. Until 2012/13 the Housing Revenue Account was subsidised by Central Government to provide support for social housing costs being greater than the rents that could be afforded by tenants. Under this "subsidy" scheme the rents paid by tenants were nationally pooled so that authorities where the expenditure need has been less than the rental income paid into the centre (negative subsidy) and those in the corresponding position received subsidy (positive subsidy).
- 3.4 In March 2012, all housing authorities "bought out" of the subsidy system by making a one off payment financed by borrowing. The payment for this Council was £67.652m. The Housing Revenue Account Business Plan outlined a repayment profile for this loan which would not commence until year 6 of "self financing". This profile and the removal of the subsidy system provides all housing Councils with financial flexibilities and surplus funds for investment. On this basis a "Regeneration Reserve" of £2.834million was created in September 2012 for this Council and will be increased to £10million over the next 5 years.
- 3.5 A summary of the HRA budgets is shown in the Table below and the detailed budgets shown in Appendix A, B and C.

	2012/13 Original Estimate	2012/13 Latest Estimate	2013/14 Original Estimate
	£	£	£
Housing Revenue Account			
Income	-11,696,460	-11,696,460	-12,322,830
Expenditure	9,212,970	9,272,583	10,556,940
Net Cost of Service	-2,483,490	-2,423,877	-1,765,890
Further movements in year	0	136,194	0
Transfer from Major Repairs Reserve	-818,740	-818,740	-850,780
Interest receivable and Pension Charges	-2,770	-2,770	-31,500
Transfer to other reserves	2,743,010	2,857,290	3,749,323
(Surplus)/Deficit on the year	-561,990	-251,903	1,101,153
Balance at 1 April	-1,471,550	-1,699,000	-1,950,903
Balance at 31 March	-2,033,540	-1,950,903	-849,750
Housing Repairs Account			
Administration	809,565	873,085	744,820
Programmed Repairs	555,410	555,410	555,410
Responsive Repairs	1,058,655	908,655	1,058,655

TOTAL Expenditure	2,423,630	2,337,150	2,358,885
Income	-2,402,560	-2,402,560	-3,039,430
Transfer to reserves	0	220,000	696,778
Net Expenditure	21,070	154,590	16,233
Balance at 1 April	-420,170	-473,000	-318,410
Balance at 31 March	-399,100	-318,410	-302,177

Below are a number of considerations and assumptions that have been taken into account in producing the HRA budget.

Service Priorities and links to other documents

- 3.6 The 2013/14 budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.7 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA 30 year Business Plan which was produced for this Council in conjunction with the Chartered Institute of Housing. The key objectives for future housing provision outlined in this document were taken into account in producing the budget and are as follows:
- Continue to invest in existing stock to maintain good quality homes
 - Invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
 - Refurbishment/regeneration of stock which no longer meets needs.
 - Environmental improvements to estates to ensure they are clean and safe.
 - Invest in service delivery
 - Develop and maintain effective engagement with tenants
- 3.8 A consultation exercise regarding the future spending on the Housing Revenue Account was issued in January 2013. The results of this and member/officer working groups will further inform priorities around HRA spending. It should therefore be noted that this budget is considered a "holding budget" and will be reforecast and re-approved following this process.

Budget Assumptions and the Budget Strategy

- 3.9 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) in July 2012 was 3.2%, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 3.2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.10 The salaries and wages budget is one of the most significant expenditure budgets for the HRA. For pay costs, the 2013/14 estimates include a 1% increase for all employees to reflect the agreed pay awards. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 4% has been applied to posts to reflect the savings will result from this challenge.
- 3.11 The Leicestershire Pension Fund was re-valued as at 31 March 2010 in accordance with statutory requirements and was found to be in actuarial deficit i.e the assets of the

fund were less than those required to meet the long term liabilities in terms of benefits due to members. Whilst action is needed to remedy this position the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An employers contribution rate of 18.5% has been for the 2013/14 budget with an additional 1.6% being included for ill health retirement insurance. These rates have been confirmed with the Pension Scheme provider.

Stock condition information

- 3.12 A Stock Condition Survey (SCS) was procured by the Council in 2012/13 and performed by Savills. Through this process, 20% of properties were surveyed in order to provide detailed information on the timing and nature of works required to maintain the condition of the Council's stock.
- 3.13 The outputs and results of this survey have been factored into the HRA Capital Programme and also the Housing Repairs budget in year. As noted in 3.8, these budgets will be reconsidered following the conclusion of the HRA consultation process.

Working Balances/Level of Reserves

- 3.14 The Council has the following policies relating to levels of balances and reserves in the HRA:
- o Maintain HRA balances (non earmarked) at a minimum of £600,000. This minimum balance has been re-visited as part of the 2013/14 budget process and revised to the equivalent of £250 per property. For the 2013/14, this equates to minimum balances of £849,750 based on 3,399 properties
 - o Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
 - o There should be no direct contribution from revenue to capital except for specific identified projects.
- 3.15 The projected movement of the Housing Revenue Account Balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2014 based on the minimum balance thresholds outlined in 3.14.

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
Relevant Year Opening Balance at 1st April	(1,471,550)	(1,699,000)	(1,950,903)
Relevant Year Closing Balance at 31st March	<u>(2,033,540)</u>	<u>(1,950,903)</u>	<u>(849,750)</u>

- 3.16 Appendix D provides a summary of earmarked HRA reserves together with estimated movements during 2012/13 and 2013/14. Based on these calculations, it is estimated that the Council will hold £3,311,000 in earmarked HRA reserves as at 31st March 2013 and £6,793,000 at 31st March 2014. The following transfers to reserves are proposed:

Reserve	Transfer £'000	Use
Piper Alarm	10	Reserve set aside for additional costs that may be incurred on provision of the Piper Alarm service. This service is currently under review by the Council
Regeneration Reserve	2,594	This reserve has been set aside to fund the implementation of the Housing Investment Plan. This will be reviewed following the consultation exercise on HRA spending. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account
Repayment Reserve	1,797	An amount will be set aside each year from the HRA to plan for the repayment of the housing subsidy debt
Pensions Reserve	45	Following the deferral of pensions "opt in" for the Council to 2017, the cost of the additional pension contributions under this scheme have been placed in a reserve to plan for when the costs arise. This is in addition to the required transfer under accounting standards

Rent Increases

- 3.17 Under self financing, Council landlords have been granted additional flexibility in setting rent levels and rent determinations are no longer published to prescribe the process. That said, the principle of rental convergence still applies under self financing and the Housing Revenue Account Business Plan for this Council continues to be based on a convergence date of 2015/16.
- 3.18 In order to achieve the objective of convergence, the proposed rent for 2013/14 has been calculated using the same principles as previously adopted. In applying this, a blanket increase of RPI + ½% (Retail Price Index) has been calculated, where RPI is 2.6%. In addition, the proposed rent has been increased by a proportion of the difference between the inflated rent and the target rent for the property. This proportion is based on the number of years to convergence (3 years).
- 3.19 In order to ensure that rents are not increased excessively, the previous rental formula included rental constraint devices (known as caps and limits). The cap dictates the total amount that can be charged for each property based on the number of bedrooms. In addition, the limit states that no tenants' weekly rent can be increased by more than RPI + 0.5% + £2 year on year. Whilst these limits are no longer mandated, the proposed rental calculation has retained these principles to prevent against disproportionate rental increases.
- 3.20 Based on this calculation, the average rental increase for this Council for 2013/14 has been calculated at **5.49%**. This is materially in line with the Councils Housing Revenue Account 30 year Business Plan prepared by the Chartered Institute of Housing which forecast a rental increase of 5.5% for the forthcoming year. After factoring in void losses of 2%, this increase will generate forecast rental income of £ 12,230,600 in 2013/14 (5.36%). This rental increase was approved by Executive on 30th January 2013.

4. FINANCIAL IMPLICATIONS (KB)

As contained in the report.

5. LEGAL IMPLICATIONS (AB)

Contained in the body of the report.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

Relevant council officers have been consulted in the preparation of the budgets. In addition TAP have been consulted on rent levels proposed.

A full consultation on HRA spending priorities is currently in progress and the draft budget will be updated to reflect any relevant outcomes.

8. RISK IMPLICATIONS

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

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

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

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

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

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

10. CORPORATE IMPLICATIONS

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

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

Contact Officer : Katherine Bennett, Head of Finance ext 5609

Executive Member : Councillor K.W.P. Lynch

Appendix A

Housing Revenue Account Budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
SUMMARY HOUSING REVENUE ACCOUNT			
INCOME			
Dwelling Rents	(11,608,250)	(11,608,250)	(12,230,600)
Non Dwelling Rents	(72,380)	(72,380)	(75,890)
Contributions to Expenditure	(15,830)	(15,830)	(16,340)
	(11,696,460)	(11,696,460)	(12,322,830)
EXPENDITURE			
Supervision & Management (General)	1,421,930	1,481,523	1,721,960
Supervision & Management (Special)	593,220	593,240	589,360
Contribution to Housing Repairs A/C	2,400,000	2,400,000	3,032,000
Depreciation	2,935,470	2,935,470	2,967,510
Capital Charges : Debt Management	3,770	3,770	17,240
Increase in Provision for Bad Debts	50,000	50,000	110,500
Interest on borrowing	1,808,580	1,808,580	2,118,370
	9,212,970	9,272,583	10,556,940
Net Cost of Services	(2,483,490)	(2,423,877)	(1,765,890)
Transfer from Major Repairs Reserve	(818,740)	(818,740)	(850,780)
Interest Receivable	(650)	(650)	(10,850)
FRS17 Adjustment	(2,120)	(2,120)	(20,650)
Net Operating Expenditure	(3,305,000)	(3,245,387)	(2,648,170)
Further movements in year	0	136,194	0
CONTRIBUTIONS			
Contribution to Piper Alarm Reserve	10,400	10,400	10,400
Contribution to Pensions Reserve	12,890	12,890	42,030
Contribution to Repayment Reserve	0	0	1,796,893
Transfer to Regeneration Reserve	2,719,720	2,834,000	1,900,000
(Surplus) / Deficit	(561,990)	(251,903)	1,101,153
Relevant Year Opening Balance at 1st April	(1,471,550)	(1,699,000)	(1,950,903)
Relevant Year Closing Balance at 31st March	(2,033,540)	(1,950,903)	(849,750)

Supervision and Management Budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
SUPERVISION & MANAGEMENT (GENERAL)			
Employees	572,570	572,570	628,030
Premises Related Expenditure	95,390	95,390	89,480
Transport Related Expenditure	17,510	17,510	19,200
Supplies & Services	116,970	176,558	147,010
Central & Administrative Exp	672,420	672,420	884,380
Gross Expenditure	1,474,860	1,534,448	1,768,100
Revenue Income	(52,930)	(52,925)	(46,140)
Net Expenditure to HRA	1,421,930	1,481,523	1,721,960
SUPERVISION & MANAGEMENT (SPECIAL)			
Employees	574,110	574,130	596,660
Premises Related Expenditure	380,750	381,558	398,490
Transport Related Expenditure	11,640	11,640	11,260
Supplies & Services	134,960	134,960	133,960
Central & Administrative Exp	166,870	166,870	132,250
Gross Expenditure	1,268,330	1,269,158	1,272,620
Revenue Income	(622,860)	(623,668)	(629,340)
Recharges	(52,250)	(52,250)	(53,920)
Total Income	(675,110)	(675,918)	(683,260)
Net Expenditure to HRA	593,220	593,240	589,360

Housing Repairs Account Budget 2013/14

	2012/13 ORIGINAL ESTIMATE (Published) £	2012/13 LATEST ESTIMATE £	2013/14 ORIGINAL ESTIMATE £
HOUSING REPAIRS ACCOUNT			
Administration			
Employee Costs	356,960	356,980	310,120
Transport Related Expenditure	15,340	15,340	8,140
Supplies & Services	143,365	206,865	143,340
Central Administrative Expenses	293,900	293,900	283,220
Total Housing Repairs Administration	809,565	873,085	744,820
Programmed Repairs	555,410	555,410	555,410
Responsive Repairs	1,058,655	908,655	1,058,655
GROSS EXPENDITURE	2,423,630	2,337,150	2,358,885
Contribution from HRA	(2,400,000)	(2,400,000)	(3,032,000)
Interest on Cash Balances	(2,020)	(2,020)	(2,480)
Enhancement Exp Recovered and Other	0	0	0
FRS17 Adjustment	(540)	(540)	(4,950)
TOTAL INCOME	(2,402,560)	(2,402,560)	(3,039,430)
Opt in Contributions to Pension Reserve	0	0	3,200
Contribution to HRA Reserves	0	220,000	693,578
NET EXPENDITURE	21,070	154,590	16,233
Opening Balance at 1st April	(420,170)	(473,000)	(318,410)
Closing Balance at 31st March	(399,100)	(318,410)	(302,177)

Housing Revenue Account Earmarked Reserves

	1st April 2012	Transfers	Transfers	Capital	31st March 2013	Transfers	Transfers	Capital	31st March 2014
	Balance	Out	In	Out	Forecast Balance	Out	In	Out	Forecast Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Piper Balance	-126	0	-10	0	-136	0	-10	0	-146
HRA Communal Furniture	-4	0	0	0	-4	0	0	0	-4
HRA Unapplied Grants and Contributions	-6	0	0	0	-6	0	0	0	-6
HRA Regeneration Reserve	0	0	-3,054	220	-2,834	0	-2,594	943	-4,485
HRA Repayment Reserve	0	0	0	0	0	0	-1,797	0	-1,797
HRA Pensions Contribution Element	0	0	-13	0	-13	0	-45	0	-58
HRA Housing Repairs Account	-473	155	0	0	-318	21	0	0	-297
Total HRA Earmarked Reserves	-609	155	-3,077	220	-3,311	21	-4,445	943	-6,793

Note: All reserves are "credit" balances and therefore are shown as negative figures for accounting purposes

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Hinckley & Bosworth
Borough Council

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COUNCIL 21ST FEBRUARY 2013

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

RE: CAPITAL PROGRAMME 2012/13 TO 2015/16

1.0 PURPOSE OF REPORT

1.1 To consider the Capital Programme for the years 2012/13 to 2015/16.

2.0 RECOMMENDATIONS

2.1 Council approve the Programme detailed in Appendix A.

2.2 Members note the balances within the Capital Receipts Reserve detailed in Table 1 below.

2.3 Council approve the new bid of £37,924 for Wheeled Bins, to be funded from the Waste Management Reserve as detailed in section 5.1 below.

2.4 Council approves the new bids of £129,000 for Parks and Open Space projects as long as they can be funded by developer contributions as detailed in section 5.1 below.

3.0 BACKGROUND TO THE REPORT

3.1 Requests for capital projects have been submitted by project officers and reflect outcomes from the officers Capital Forum Group. The attached programme in Appendix A assumes a virtual standstill position on schemes for future years. Projects have been re-profiled in line with the latest spending and external funding forecasts.

3.2 The pressure on future funding of the capital programme and the depletion of reserves has been raised previously with members and reported to Council.

3.3 The programme assumes sites which have been recommended for disposal by the Strategic Asset Management Group.

3.4 Within the current financial year there may be an under spend on Private Sector Housing on minor and major works of around £90,000. Cases are now reported through the Papworth Trust instead of the Care of Repair Agency. It is hoped that the time taken between approving grants and works being undertaken will reduce. Additionally the Papworth Trust will be paid on a percentage basis per case. It is therefore anticipated that the referrals will be processed more efficiently. The Disability Facilities Grant (DFG) budget has therefore been adjusted to reflect this.

3.5 The HRA capital programme has been based on the HRA Business plan and the outcomes of the stock condition survey. The current profile of the stock condition survey is being reviewed to take into account work that has already been completed as part of the 11/12 programme. Additionally, changes may be considered following the results of the tenant consultation on HRA spend.

- 3.6 The programme includes the capital cost of the new leisure centre. This has been estimated at £7,500,000 (the “essential” scheme). Short term financing arrangements will have to be put in place to cover capital costs before funding is obtained from the sale of current Leisure Centre site and the capital receipt from the Bus Station Development.
- 3.7 It should be noted that at the request of members, the “Members’ IT” capital project has been removed from the proposed programme.

4.0 PROGRAMME TO 2015/16 – FUNDING IMPLICATIONS

4.1 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised in Table 1. Based on current expenditure proposals the reserve will be fully utilised in 2014/15. The assumption of Capital Receipts are as follows:

- Right to buy sales of £100,000 per annum;
- Disposal of the current depot site in March 2014 for £2,250,000;
- A receipt of £1,800,000 for the current leisure centre site in 2015/16; and
- Bus Station Development receipts of £2,750,000 phased in 2014/15 and 2016/17.

Table 1

	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's
Opening Bal	1,049	595	1,737	0
Receipts	1,609	3,569	1,795	1,900
Funding used	2,063	2,427	3,527	0
Debt Repayment	0	0	0	1,900
CI (Bal)	595	1,737	0	0

- 4.2 Due to the phasing of capital receipts, additional short term borrowing of £2,368,000 will be needed to fund the current programme. This will have to be repaid in 2015/16 and 2016/17. The cost of this borrowing (based on current rates) is estimated to be £23,690 in 2014/15 and £82,900 in 2015/16. This requirement is within the Council’s borrowing limits that will be set out within the Councils Treasury and Prudential Indicator Report.
- 4.3 The above reserve excludes any amounts that will need to be set aside specifically for new social housing provision. As a result of the HRA self financing, Pooling and Right to Buy regulations have been changed. The net result is an element of receipts above the assumptions made in the self financing settlement can be retained by local councils as long as these receipts are used to fund new social housing provision. Currently the amount in this reserve is £24,000. These receipts have to be seventy per cent match funded by either the Council or the social provider.

5.0 NEW BIDS

5.1 The following new capital bids were received as part of the budget setting process:-

A. Wheeled Bins

Supply of containers for new properties built for SUE’s at Barwell and Earl Shilton in accordance with the April 2012 trajectory. If development takes place

the gross costs are estimated to be £37,924 between 2013/14 and 2015/16. This could be funded from Waste Management Reserve.

B. Parks and Open Spaces

Upgrade Parks and Open Spaces from agreed s106 contributions. Associated maintenance costs excluding inflation have also been earmarked for 20 years. The schemes will be funded from section106 contributions so there will be no additional capital cost from HBBC resources.

The estimated capital costs are summarised below:-

Description	£000's 2013/14	£000's 2014/15	£000's 2015/16	£000's Total
Queens Park - Site improvements	0	0	16	16
Clarendon - Creating a community park	0	5	27	32
Richmond - Play area improvements	0	20	0	20
Preston Way - Play area and other site improvements	51	0	0	51
Derby Rd New play area	3	7	0	10
	54	32	43	129

6.0 FINANCIAL IMPLICATIONS (IB)

6.1 Capital resourcing and borrowing implications arising from this report will be reflected within the Medium Term Financial Strategy and the Prudential Code (Treasury Management) report.

General Fund

- 6.2 The additional cost of borrowing in 2013/14 will be £54,780 (MRP of £25,550 and estimated interest of £29,230).
- 6.3 If capital receipts are not realised, additional borrowing costs will be incurred. Alternately the current programme will need to be reduced. The estimated use of reserves included within the programme are as follows:-

	Current Bal £000's	yr 12/13 £000's	yr 13/14 £000's	yr 14/15 £000's	yr 15/16 £000's
Commutation & Feasibility Reserve	-288	85	0	0	0
Special Expenses Reserve	-225	75	0	0	0
Relocation Reserve	-622	348	0	0	0
Leisure	-1,059	100	900	0	0
ICT Reserve	-254	41	0	0	0
Waste Management Reserve	-243	0	15	26	32
PDG Reserve	-172	15	0	0	0
Grounds Maintenance	-50	14	0	0	0
	-2,933	678	915	26	32

HRA Capital

6.5 For 2013/14 an additional borrowing cost of £24,500 has been included. Funding for the rest of the HRA capital programme will be met from the HRA Major Repairs Reserve and the Regeneration Reserve. The position allows the “Regeneration Reserve” and headroom under self financing to remain available for other schemes.

7.0 LEGAL IMPLICATIONS (AB)

7.1 None arising directly from the report.

8.0 CORPORATE PLAN IMPLICATIONS

8.1 The report provides a refresh of the Council’s rolling Capital Programme. Any item included in the programme has to contribute to the achievement of the Council’s vision, as set out in the Corporate Performance Plan.

9.0 CONSULTATION

9.1 Expenditure proposals contained within this report have been submitted after officer consultation. Appropriate consultation with relevant stakeholders takes place before commencement of individual projects.

10.0 RISK IMPLICATIONS

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

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

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

11.0 KNOWING YOUR COMMUNITY - EQUALITY AND RURAL IMPLICATIONS

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

12.0 CORPORATE IMPLICATIONS

12.1 The Council has an agreed corporate approach to project management. This approach has been developed in collaboration with the Leicestershire and Rutland Improvement Partnership. This approach ensures that a consistent and coherent approach is applied across the Council (and across the county).

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

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

Background Papers: Capital Estimates 12/13 – 15/16

Contact Officer: Ilyas Bham ext. 5924

Lead Member: Cllr KWP Lynch

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CAPITAL ESTIMATES 2012-2013 to 2015-2016 SUMMARY

Appendix A

	TOTAL COST	ESTIMATE 2012-13	ESTIMATE 2013-14	ESTIMATE 2014-15	ESTIMATE 2015-16
	£				
SECTION 1 (Leisure and Environment)	8,715,107	611,627	2,275,160	5,611,160	217,160
SECTION 2 (Planning)	2,010,100	1,746,860	153,245	43,943	66,052
SECTION 3 (Central Services)	1,682,951	1,037,501	595,450	40,000	10,000
Housing (General Fund)	2,068,311	361,261	782,350	462,350	462,350
Sub-Total General Fund	14,476,469	3,757,249	3,806,205	6,157,453	755,562
Resources : Capital Receipts	3,889,302	2,062,500	1,326,802	500,000	0
Supported Borrowing GF	426,400	106,600	106,600	106,600	106,600
Unsupported Borrowing GF	1,967,336	867,718	357,803	124,853	616,962
Leisure Centre Reserve	1,000,000	100,000	900,000	0	0
Leisure Centre Cap Rec	2,200,000	0	1,100,000	1,100,000	0
Leisure Centre Temporary Financing	4,300,000	0	0	4,300,000	0
Contribution from reserves GF	651,471	578,471	15,000	26,000	32,000
Revenue Contribution to Capital	41,960	41,960	0	0	0
Contribution from reserves HRA	0	0	0	0	0
	14,476,469	3,757,249	3,806,205	6,157,453	755,562

SECTION 1

	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
Parish & Community Initiatives Grants					
Total Annual Expenditure(ALL HBBC)	422,300	122,300	100,000	100,000	100,000
Parks Major works					
Total Annual Expenditure(ALL HBBC)	135,660	45,660	30,000	30,000	30,000
Richmond Park Play Area					
Total Annual Expenditure	300,000	220,000	80,000		
External Funding (FA)	(149,823)	(109,823)	(40,000)		
Total Annual Expenditure(ALL HBBC)	150,177	110,177	40,000	0	0
Burbage Common					
Total Annual Expenditure	153,820	118,820	35,000		
Less 6c's grant	(8,000)	(8,000)			
HBBC Element	145,820	110,820	35,000	0	0
Memorial Safety Programme					
Total Annual Expenditure(ALL HBBC)	20,640	5,160	5,160	5,160	5,160
Waste Management Receptacles					
Total Annual Expenditure(ALL HBBC)	285,940	62,940	65,000	76,000	82,000
Blue Bin Recycling					
Total Annual Expenditure(ALL HBBC)	28,700	28,700	0	0	0
Churchyard Repairs					
Total Annual Expenditure(ALL HBBC)	2,370	2,370	0	0	0
Grounds Maintenance Machinery					
Total Annual Expenditure(ALL HBBC)	16,480	16,480	0	0	0
Brodick Road Woodlands Scheme					
Total Annual Expenditure(ALL HBBC)	7,020	7,020	0	0	0
Billa Barra Improvements					
Total Annual Expenditure	10,980	10,980			
Less contributions	(10,980)	(10,980)			
HBBC ELEMENT	0	0	0	0	0
Lesiure Centre					
Total Annual Expenditure(ALL HBBC)	7,500,000	100,000	2,000,000	5,400,000	0
TOTAL GROSS EXPENDITURE	8,883,910	740,430	2,315,160	5,611,160	217,160
LESS TOTAL CONTRIBUTIONS	(168,803)	(128,803)	(40,000)	0	0
TOTAL HBBC ELEMENT	8,715,107	611,627	2,275,160	5,611,160	217,160

SECTION 2

Borough Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

Car Park Resurfacing

Total Annual Expenditure(ALL HBBC)

Barwell Shop Front Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

Depot Relocation

Total Annual Expenditure
 HBBC Element

Barwell Wall Improvements

Total Annual Expenditure
 Less Private contribution
 HBBC Element

TOTAL GROSS EXPENDITURE

LESS TOTAL CONTRIBUTIONS

TOTAL HBBC ELEMENT

TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
216,900	66,900	50,000	50,000	50,000
(65,000)	(20,000)	(15,000)	(15,000)	(15,000)
151,900	46,900	35,000	35,000	35,000
58,240	0	18,245	8,943	31,052
14,500	14,500	0	0	0
(14,500)	(14,500)	0	0	0
0	0	0	0	0
1,799,960	1,699,960	100,000		0
1,799,960	1,699,960	100,000	0	0
680	680	0	0	0
(680)	(680)	0	0	0
0	0	0	0	0
2,090,280	1,782,040	168,245	58,943	81,052
(80,180)	(35,180)	(15,000)	(15,000)	(15,000)
2,010,100	1,746,860	153,245	43,943	66,052

SECTION 3

	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013/14	ESTIMATE 2014/15	ESTIMATE 2015/16
Asset Management Enhancements					
Total Annual Expenditure(ALL HBBC)	98,000	38,000	60,000	0	0
General Renewals					
Total Annual Expenditure(ALL HBBC)	229,000	209,000	10,000	0	10,000
Rolling Server Review					
Total Annual Expenditure(ALL HBBC)	40,000	0	0	40,000	0
Financial System					
Total Annual Expenditure(ALL HBBC)	13,390	13,390	0	0	0
Council Office Relocation					
Total Annual Expenditure	1,100,000	644,550	455,450		
Less Private contribution	(3,429)	(3,429)			
HBBC Element	1,096,571	641,121	0	0	0
HR/Payroll					
Total Annual Expenditure(ALL HBBC)	2,090	2,090	0	0	0
Electronic Meter Reading					
Total Annual Expenditure(ALL HBBC)	20,000	20,000	0	0	0
Demolition of Argents Mead Offices					
Total Annual Expenditure(ALL HBBC)	100,000	30,000	70,000	0	0
Transformation					
Total Annual Expenditure(ALL HBBC)	5,000	5,000	0	0	0
Atkins partitionng Phase 3					
Total Annual Expenditure(ALL HBBC)	60,900	60,900	0	0	0
Mobile Web					
Total Annual Expenditure(ALL HBBC)	18,000	18,000	0	0	0
TOTAL GROSS EXPENDITURE	1,686,380	1,040,930	595,450	40,000	10,000
LESS TOTAL CONTRIBUTIONS	(3,429)	(3,429)	0	0	0
TOTAL HBBC ELEMENT	<u>1,682,951</u>	<u>1,037,501</u>	<u>595,450</u>	<u>40,000</u>	<u>10,000</u>

GENERAL FUND HOUSING

Major Works Assistance

HBBC ELEMENT

TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015
710,000	140,000	190,000	190,000

Minor Works Assistance

HBBC ELEMENT

320,000	50,000	90,000	90,000

Care & Repair Improvement Agency

Total Annual Expenditure(ALL HBBC)

137,050	25,000	37,350	37,350

Disabled Facilities Grants

Total Annual Expenditure

Less Government Grant

HBBC ELEMENT

1,677,000	400,000	639,000	319,000
(775,739)	(253,739)	(174,000)	(174,000)
901,261	146,261	465,000	145,000

Fuel Poverty and Green Deal Programme

Total Annual Expenditure

Less Government Grant

HBBC ELEMENT

322,560	322,560	0	0
(322,560)	(322,560)	0	0
0	0	0	0

TOTAL GROSS EXPENDITURE

LESS TOTAL CONTRIBUTIONS

TOTAL HBBC ELEMENT

3,166,610	937,560	956,350	636,350
(1,098,299)	(576,299)	(174,000)	(174,000)
2,068,311	361,261	782,350	462,350

HOUSING REVENUE ACCOUNT (CAPITAL PROJECTS)

PROJECT	TOTAL COST	ESTIMATE 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016
Tenant Led Community Projects	40,000	20,000	20,000	0	0
Kitchen Improvements	999,100	438,210	560,890	0	0
Central Heating Replacement	740,780	402,620	338,160	0	0
Low Maintenance Doors	63,160	31,160	32,000	0	0
Electrical Testing / Upgrading	504,110	184,110	320,000	0	0
Programmed Enhancements	638,730	318,730	320,000	0	0
Single to Double Glazing	29,000	9,000	20,000	0	0
Re-roofing	95,910	32,910	63,000	0	0
Housing Repairs Software system	70,000	70,000	0	0	0
Orchard System Upgrade	111,290	111,290	0	0	0
Sheltered Housing Improvements	11,000	11,000	0	0	0
Major Void Enhancements	2,556,150	624,150	780,000	576,000	576,000
Adaptations for Disabled People	1,241,500	357,150	288,000	259,283	337,067
Future Major Works	5,442,455	0	0	2,371,610	3,070,845
Improvements	382,461	0	0	181,234	201,227
Garages	52,796	0	0	22,064	30,732
Exceptional Extensive items and Contingencies	771,998	0	252,972	225,664	293,362
	13,750,440	2,610,330	2,995,022	3,635,855	4,509,233

Funding

Major Repairs Reserve	8,208,000	2,052,000	2,052,000	2,052,000	2,052,000
Regeneration Reserve	5,204,110	220,000	943,022	1,583,855	2,457,233
Borrowing	338,030	338,030	0	0	0
	13,750,140	2,610,030	2,995,022	3,635,855	4,509,233

COUNCIL - 21 FEBRUARY 2013

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL
AUTHORITIES – SETTING OF PRUDENTIAL INDICATORS 2012/13 –
2015/16 AND TREASURY MANAGEMENT STRATEGY 2013/14-15/16

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. PURPOSE OF REPORT

This report outlines the Council's prudential indicators for 2012/13 - 2015/16 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

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

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

2. RECOMMENDATIONS

Members note the key elements of these reports:

1. The Prudential Indicators and Limits for 2012/13 to 2015/16 contained within Section 3 Part B of the report, including the Authorised Limit Prudential Indicator.
2. The Minimum Revenue Provision (MRP) Statement contained within Section 3 Part B which sets out the Council's policy on MRP.

3. The Treasury Management Strategy 2012/13 to 2015/16, and the treasury Prudential Indicators contained within Section 3 Part C.
4. The Investment Strategy contained in the treasury management strategy Part 3 Section C and the detailed strategy in Appendix 1.

3. BACKGROUND TO THE REPORT

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

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

CIPFA defines treasury management as:

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

- B) The Capital Prudential Indicators 2012/13 - 2015/16

Introduction

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

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

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

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

The Capital Expenditure Plans

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

Table 1

Capital Expenditure £'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	2,889	4,501	13,235	6,346	945
HRA	2,485	2,610	2,995	3,636	4509
HRA Settlement	67,652				
Total	73,026	7,111	16,230	9,982	5,454
Financed by:					
Capital receipts	426	2,062	2,247	1,600	0
Capital grants	317	744	232	189	189
Capital reserves	929	899	1,858	1,610	2,489
Revenue	2,071	2,094	2,052	2,052	2,052
Net financing need for the year	69,283	1,312	9,841	4,531	724

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

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

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

Table 2

£'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Financing Requirement					
CFR - Non Housing	15,237	15,719	24,796	28,563	28,523
CFR - Housing	69,956	70,294	70,294	70,294	70,294
Total CFR	85,193	86,013	95,090	98,857	98,817
Movement in CFR	68,642	820	9,077	3,767	-40

Movement in CFR represented by					
Net financing need for the year (above)	69,283	1,298	9,841	4,531	724
Less MRP/ VRP and other financing movements	641	478	764	764	764
Movement in CFR	68,642	820	9,077	3,767	-40

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

Minimum Revenue Provision (MRP) Policy Statement.

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

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

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

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

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

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

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

Table 3

£'000	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Fund balances	3,992	3,509	2,358	2,143	1,960
Capital receipts	1,050	595	1,591	0	0
Earmarked reserves	4,432	9,510	12,086	10,503	8,446
Provisions					
Contributions unapplied	949	949	949	474	0
Total Core Funds	10,623	14,563	16,984	13,120	10,406
Working Capital*	1,000	1,000	1,000	1,000	1,000
Under borrowing	10,641	11,461	11,338	15,105	15,065
Expected Investments	0	0	0	0	0

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

Affordability Prudential Indicators

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

Table 4

%	Actual 2011/12	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Non-HRA	6.05	5.69	8.49	8.32	8.16
HRA	40.3	40.5	40.3	40.1	40.0

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

Table 5

£	Actual 2011/12	Proposed Budget 2012/13	Forward Projection 2013/14	Forward Projection 2014/15	Forward Projection 2015/16
Council Tax - Band D	0.08	0.93	8.72	0.54	-0.54

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

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

Table 6

£	Actual 2011/12	Proposed Budget 2012/13	Forward Projection 2013/14	Forward Projection 2014/15	Forward Projection 2015/16
Weekly Housing Rent levels	0.00	0.00	0.00	0.00	0.00

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

C) Treasury Management Strategy 2012/13 - 2013/14

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

5. This strategy covers:

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

Borrowing Projections 2012/13 - 2015/16

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

Table 7

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
External Debt				
Debt at 1 April	85,193	86,013	95,090	98,857
Expected change in debt	820	9,077	3,767	-40
Debt at 31 March	86,013	95,090	98,857	98,817
Operational Boundary	86,013	95,090	98,857	98,817
Investments				
Total Investments at 31 March	0	0	0	0
Investment change	0	0	0	0

7. The related impact of the above movements on the revenue budget are:

Table 8

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Revenue Budgets				
Interest on Borrowing	31	354	162	-2
Related HRA Charge	25	262	115	-1
Net General Fund Borrowing Cost	6	92	47	-1

Limits to Borrowing Activity

8. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
9. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (the relevant comparative figures are highlighted). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Table 9

£'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Gross Borrowing	86,013	95,090	98,857	98,817
Less Investments	0	0	0	0
Net Borrowing	86,013	95,090	98,857	98,817
CFR*	86,013	95,090	98,857	98,817

* - Under the Prudential Code revision any falls in the CFR are ignored.

10. The Deputy Chief Executive (Corporate Direction) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
11. The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
12. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.
13. The Council is asked to approve the following Authorised Limits:

Table 10

Authorised limit £'000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	86,413	95,490	99,257	99,217
Other long term liabilities	0	0	0	0
Total	86,413	95,490	99,257	99,217

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

HRA Debt Limit £m	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total	72.0	72.0	72.0	72.0

14. Borrowing in advance of need – The Council has some flexibility to borrow funds this year for use in future years. The Deputy Chief Executive (Corporate Direction) may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Deputy Chief Executive (Corporate Direction) will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:
 - It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - Would not look to borrow more than 12 months in advance of need.

15. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

Expected Movement in Interest Rates

Table 11

Medium-Term Rate Estimates (averages) change

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

- Borrowing Rates

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy 2013/14 - 2015/16

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Deputy Chief Executive (Corporate Direction) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

Borrowing In Advance

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

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

Debt Restructuring

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

The reasons for any rescheduling to take place will include:

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

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

Investment Strategy 2012/13 – 2015/16

19. **Key Objectives** - The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. . The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. Following the economic background above, the current investment climate has one over-riding risk, counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy. Officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.
20. **Risk Benchmarking** - A development in the revised CIPFA's Management Code and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. Additional background in the approach taken is attached at Appendix 2.
- 21 These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.
- 22 **Security** - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
- 0.24% historic risk of default when compared to the whole portfolio.
- 23 **Liquidity** – In respect of this area the Council seeks to maintain:
- Bank overdraft - £0.250m
 - Liquid short term deposits of at least £1m available with a week's notice.
 - Weighted Average Life benchmark is expected to be 0.5 years, with a maximum of 1 year.
24. **Yield** - Local measures of yield benchmarks are:
- Investments – Internal returns above the 7 day LIBID rate and in addition that the security benchmark for each individual year is:

Table 12

	1 year	2 years	3 years	4 years	5 years
Maximum	0.24%	0.78%	1.48%	2.24%	3.11%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

25. **Investment Counterparty Selection Criteria** - The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
26. The Deputy Chief Executive (Corporate Direction) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.
27. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
28. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
29. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:
- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
 - i) Are UK banks; and/or
 - ii) Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA.
- And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
- i) **Short Term** – F1
 - ii) **Long Term** – A
 - iii) **Individual / Financial Strength** – C (Fitch / Moody's only)
 - iv) **Support** – 3 (Fitch only)

- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
 - (a) wholesale deposits in the bank are covered by a government guarantee;
 - (b) the government providing the guarantee is rated “AAA” by all three major rating agencies (Fitch, Moody’s and Standard & Poors); and
 - (c) the Council’s investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- **Banks 3 - Eligible Institutions** - the organisation was considered an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions were subject to suitability checks before inclusion.
- **Banks 4** - The Council’s own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies** – the Council will use all Societies which:
 - i) meet the ratings for banks outlined above
 - Or are both:
 - ii) Eligible Institutions; and
 - iii) Have assets in excess of £500m.
- **Money Market Funds** - AAA
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

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

30. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council’s investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:
- no more than 5% will be placed with any non-UK country at any time;
 - limits in place above will apply to Group companies;
 - Sector limits will be monitored regularly for appropriateness.
31. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

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

Table 13

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category	AAA	£5m	3yrs
Limit 2 Category	AA	£5m	3yrs
Limit 3 Category	A	£3m	2yrs
Other Institution Limits	-	£2m	1yr
Guaranteed Organisations	-	£2m	6mths

33. The proposed criteria for Specified and Non-Specified investments are shown in Appendix 1 for approval.
34. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
35. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.
36. **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in early/mid 2015. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
37. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Deputy Chief Executive (Corporate Direction) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.**
38. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

39. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and

investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Table 14

£m	2013/14 Estimated + 1%	2013/14 Estimated - 1%
Revenue Budgets		
Interest on Borrowing	0	0
Net General Fund Borrowing Cost	0	0
Investment income	0	0

Treasury Management Limits on Activity

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

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

41. The Council is asked to approve the limits:

Table 15

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

Performance Indicators

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

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

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

Treasury Management Advisers

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

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

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

4. FINANCIAL IMPLICATIONS (IB)

These are contained in the body of the report.

5. LEGAL IMPLICATIONS (AB)

There are none arising directly from this report.

6. CORPORATE PLAN IMPLICATIONS

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

7. CONSULTATION

None.

8. RISK IMPLICATIONS

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

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

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

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

10. CORPORATE IMPLICATIONS

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

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

Background Papers
Capital Programme 2012/13 to 2015/16
The CIPFA Prudential Code
Treasury Management Policy
Revenue Budget 2013/14

Contact Officer: Ilyas Bham, Group Accountant ext 5924

Executive Member: Cllr KWP Lynch

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

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

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

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

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

The investment policy proposed for the Council is:

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

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

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

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

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

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

Security, Liquidity and Yield Benchmarking

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

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

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

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

- Investments - Internal returns above the 7 day LIBID rate

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

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

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

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

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

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

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

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

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

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

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

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

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

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COUNCIL- 21ST FEBRUARY 2013

REPORT OF THE DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)

MARKET BOSWORTH NEIGHBOURHOOD AREA DESIGNATION APPLICATION

WARDS AFFECTED: ALL WARDS



Hinckley & Bosworth
Borough Council

A Borough to be proud of

1. PURPOSE OF REPORT

- 1.1 To inform members of the outcome of publicising the proposed Market Bosworth Neighbourhood Area, and to seek approval on the appropriateness of the Market Bosworth neighbourhood area for the purposes of producing a Neighbourhood Plan.
- 1.2 The area to which the report relates is attached in appendix A. The proposed neighbourhood area boundary is identical to the current Market Bosworth Parish boundary.

2. RECOMMENDATION

- 2.1 That Council approves the proposed Market Bosworth neighbourhood area boundary to enable the preparation of a Neighbourhood Development Plan.

3. BACKGROUND TO THE REPORT

- 3.1 The Borough Council in conjunction with Market Bosworth Parish Council applied to the Department of Communities and Local Government (DCLG) for Frontrunner status in the Neighbourhood Planning Vanguard Scheme in March 2011.
- 3.2 The application was successful and was awarded second wave frontrunner status in the Neighbourhood Planning Vanguard Scheme.
- 3.3 Following the successful application, Market Bosworth Parish Council established a Market Bosworth Neighbourhood Forum comprising representatives of the local community.
- 3.4 The formal regulations (The Neighbourhood Planning (General) Regulations), which prescribed both the process and the role of the Local Planning Authority (LPA) in supporting neighbourhood planning, came into force on 6 April 2012. The LPA should support Parish Councils and community groups in the preparation and delivery of neighbourhood plans.
- 3.5 The first statutory stage in bringing forward a neighbourhood planning proposal is defining and designating the neighbourhood area to which a neighbourhood development plan would apply.
- 3.6 The regulations establish a neighbourhood area application must include the following:

- a map which identifies the proposed Neighbourhood area,
- a statement explaining why the area is considered appropriate to be designated as a neighbourhood area, and
- a statement identifying that the body making the area application is a relevant body for the purposes of section 61G(2) of the 1990 Act.

These documents are appended to this report and are also available to view on the borough council's website.

- 3.7 Market Bosworth Parish Council as the 'relevant body' (for the purposes of section 61G(2) of the Town and Country Planning Act 1990) submitted an application for designation of the Market Bosworth Neighbourhood Area on behalf of the Market Bosworth Neighbourhood Forum. For the avoidance of doubt the specified area includes the whole of the area of Market Bosworth Parish Council. The submission of the application complied with the Regulations.

The Designation

- 3.8 The issue to consider is whether or not the specified area is 'an appropriate area to be designated as a neighbourhood area'.
- 3.9 The specified area falls completely within the administrative boundaries of Hinckley & Bosworth Borough Council and stands adjacent to the parishes of Cadeby, Osbaston, Carlton, Sheepy, Nailstone and Sutton Cheney.
- 3.10 This is the first application for a neighbourhood area designation made to the Council and so, in determining this application, the desirability of maintaining the existing boundaries of areas already designated as neighbourhood areas does not need to be considered under Section 61G(4)(b) of the Act.
- 3.11 In designating a Neighbourhood Area, Section 61H of the Act requires the local planning authority to consider whether they should designate the area as a business area. In areas that are dominated by business interests, such as a trading estate, a business Neighbourhood Plan can be developed. It follows the usual process of a standard Neighbourhood Plan, with the exception that two referendums would be held. One referendum would enable businesses operating in the area to vote and the other would apply to residents. It is considered that the designation of the proposed Market Bosworth Neighbourhood Area as a business area would not be appropriate as it is not wholly or predominantly business in nature.
- 3.12 The definition of a Neighbourhood Development Plan, the weight it holds, the establishment and progress of Market Bosworth Neighbourhood Forum and the progress of other Leicestershire authorities is available to view in appendix C.

4. NEXT STAGE

- 4.1 If the application is approved, then Regulation 7(1) of The Neighbourhood Planning (General) Regulations 2012 requires the designation to be published. If the application is refused, reasons must be given under section 61G(9) of the 1990 Act and Regulation 7(2) of the Regulations requires the decision to be publicised.

4.2 If the application is approved Market Bosworth Parish will become a designated Neighbourhood Area. This boundary will then form the specified area in which a Neighbourhood Development Plan or Neighbourhood Development Order would apply.

4.3 The full process to be followed in preparing a Neighbourhood Development Plan is illustrated in a flow chart in appendix D.

5 FINANCIAL IMPLICATIONS (PE)

5.1 The Department for Communities and Local Government (DCLG) announced some additional funding for Local Authorities to support the designations of neighbourhood areas, examination and referendums in August 2012. This available funding is released under three phases. The first is a total of £5k to be provided following the designation of a neighbourhood area. In the case of Market Bosworth, the local authority can apply for this first payment after Market Bosworth is designated (21st Feb 2013) during March with monies likely to be received in April 2013. The second payment is also £5k to be provided when the local authority publicises the Neighbourhood Development Plan prior to examination. The third and final payment is £20k to be provided upon successful completion of the NDP examination.

5.2 It should be highlighted that it is not currently clear that the identified DCLG monies are sufficient to cover the costs to the council of supporting plan preparation, conducting an examination and holding a referendum. In addition should these funds not be received, the borough council upon successful completion of the examination would be liable for all costs associated with conducting a referendum. It is the borough council's statutory duty to conduct a referendum should the examination be successful.

6. LEGAL IMPLICATIONS (AB)

The Neighbourhood Planning (General) Regulations 2012 require that prior to a designated area being approved, the application must be published on the Council's website for 6 weeks along with guidance on how any representations can be made and the closing date for representations. The Council must have regard to any representations received during this period when deciding whether to approve the application. In addition the regulations require the Councils decision on the boundary to be publicised for a 6 week period.

7. CORPORATE PLAN IMPLICATIONS

- Strong & Distinctive communities

8. CONSULTATION

8.1 The application for designation as a Neighbourhood Area was publicised for a nine week public consultation period from 19 November 2012 to 21 January 2013 for any representations to be received by 5pm on 21 January 2013.

8.2 One representation has been received regarding the Neighbourhood Development Plan Area boundary designation. The representation was received from the Borough Council's Electoral Services Team with no objection to the proposed boundary. They advised that that the current boundary is appropriate but even if the examiner extends the referendum area the updated software will enable the necessary flexibility to include additional properties.

9. **RISK IMPLICATIONS**

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
That members do not endorse the proposed Neighbourhood Area Boundary as an appropriate area for producing a Neighbourhood Development Plan or Neighbourhood Development Order. This would prevent the current Market Bosworth Neighbourhood Development Plan from proceeding any further.	Members endorse the proposed Neighbourhood Area Boundary as an appropriate area for producing a Neighbourhood Development Plan or Neighbourhood Development Order.	David Kiernan

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

10.1 The endorsement and recognition of Market Bosworth Neighbourhood Area as an appropriate area for producing a Neighbourhood Development Plan or Neighbourhood Development Order enables the local community of Market Bosworth Parish to have a direct say on the shape and form of development in their area.

11. **CORPORATE IMPLICATIONS**

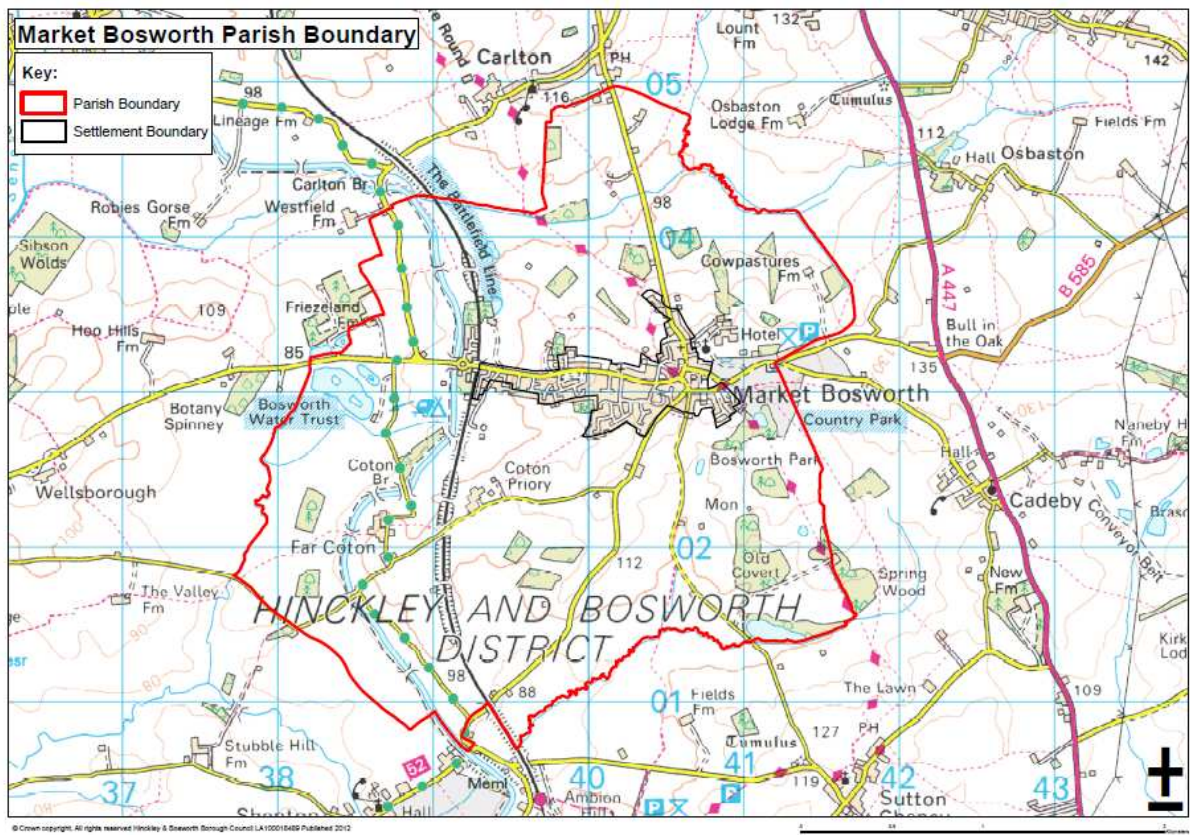
11.1 By submitting this report, the report author has taken the following into account:

- Planning Implications

Background papers: Appendix A- Market Bosworth NDP Boundary
 Appendix B- Designation Application Letter
 Appendix C- Background to NDP's
 Appendix D- Neighbourhood Planning Process Flow

Contact Officer: David Kiernan, ext: 5898
Executive Member: Cllr SL Bray

Appendix A- Market Bosworth NDP Boundary



Appendix B- Designation Application Letter

MARKET BOSWORTH PARISH COUNCIL

Parish Council Office
20a Market Place
Market Bosworth
Nuneaton
Warks
CV13 0LE

Parish Clerk
Mrs Cathy Monkman
Tel: 01455 291867
marketbosworthpc@btconnect.com
www.leicestershireparishcouncils.org



The Parish Office is open Thursdays 10.00 a.m. – 1.00 p.m.

8/11/12

Mr Simon Wood
Head of Planning
Hinckley & Bosworth Borough Council
Council Offices
Argents Mead
Hinckley
Leicestershire
LE10 1BZ

Neighbourhood Development Plan for Market Bosworth

Dear Mr Wood,

Further to the designation of Market Bosworth Parish Council as a Neighbourhood Planning Frontrunner (second wave) in March 2011 and in agreement with Market Bosworth Parish Council and the Market Bosworth Neighbourhood Forum, I am submitting this letter requesting the designation of Market Bosworth Parish as an area for the purposes of preparing a Neighbourhood Development Plan (NDP).

Hinckley & Bosworth Borough Council in collaboration with Market Bosworth Parish Council applied to the Department of Communities and Local Government (DCLG) for Frontrunner status for the preparation of a Neighbourhood Development Plan.

The application contained key themes the document will encapsulate:

- Quality of Design
- Economic Allocation (including matters of retail and industry)
- Residential Allocation (to meet the requirements of the Core Strategy)
- Recreational Allocation - to protect, increase and preserve recreational assets such as Green Infrastructure networks, paths, equipped play spaces, public rights of way, areas of diversity etc.
- Development Management Policies specific to Market Bosworth and the NDP boundary.
- Sustainable Design demonstrating regard to climate change
- Tourism
- Parking and traffic management considerations
- Affordable housing provision in accordance with the Core Strategy and the local area

The application notes that this list is not exhaustive and contains an element of flexibility to enable the development and evolution of the Neighbourhood Development Plan, reflect the needs and views of the community and policy compliance.

It must also be noted that the application presents a timescale of works which stands roughly in-line with the production of the Borough Council's Site Allocations and Development Management

Policies DPD. This timescale is no longer accurate and a revised timescale specific to the Market Bosworth Neighbourhood Development Plan Area will be developed.

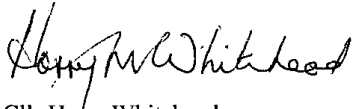
We understand that having been successfully accepted as a second wave frontrunner by DCLG the Parish Council are now required, under Part 2 of the Neighbourhood Planning (General) Regulations 2012 which came into force in April 2012, to submit to Hinckley & Bosworth Borough Council an area application for designation as a neighbourhood area for the purposes of creating a Neighbourhood Development Plan.

I am therefore applying on behalf of Market Bosworth Parish Council to confirm that the Parish Council is a relevant body for the purposes of preparing a Neighbourhood Development Plan according to Section 61G of the 1990 Act and that for the reasons given above, the area defined in the attached map is appropriate to be designated as a neighbourhood area.

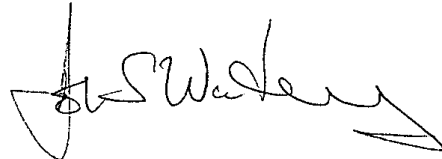
The map identifies the area to which the application relates, indicated by the red line, and is submitted along with a copy of our original application; I trust this provides sufficient information to enable your department to advertise our Parish as a neighbourhood area with immediate effect.

I look forward to receiving confirmation of designation of the area as a neighbourhood area for the purposes of producing a Neighbourhood Development Plan.

Yours Sincerely



Clr Harry Whitehead
Chairman of Market Bosworth Parish Council



Clr John Wastenev
Chairman of the Market Bosworth Neighbourhood Forum

Appendix C- Background to NDPs

What is a Neighbourhood Development Plan?

A Neighbourhood Development Plan (NDP) is a community-led framework for guiding the future development, regeneration and conservation of an area. It may contain aims, planning policies for guiding development, proposals for improving the area or providing facilities or allocation of sites for various forms of development.

The NDP, once finalised and adopted by the borough council, will become the starting point for determining planning applications in that area.

It can be used to:

- Develop a shared vision for the future of a neighbourhood
- Choose where new homes, shops, offices and other development are located
- Identify and protect important local green spaces
- Influence the design of new buildings
- Promote renewable energy projects
- Protect the historical environment

What weight does the NDP have once adopted?

Once adopted, a NDP will form part of the statutory Local Plan for the area which gives NDP's significantly more weight than some other documents such as parish plans or village design statements.

The NDP will be the starting point for decision making in the area and only where the NDP is silent on a particular matter will other policies such as the Core Strategy and Development Management Policies DPD be considered relevant.

A Neighbourhood Plan must:

- Comply with European and National legislation such as environmental regulations and human rights legislation.
- Have appropriate regard to national policy such as the National Planning Policy Framework
- Be in general conformity with existing strategic local planning policy such as the Core Strategy.
- **Not promote less development than that prescribed in the Core Strategy**

Establishment of Market Bosworth Neighbourhood Forum

The borough council in collaboration with Market Bosworth Parish Council applied to the Department of Communities and Local Government (DCLG) for Frontrunners Status in the Neighbourhood Planning Vanguard Scheme in March 2011.

The Borough Council were successful in this application and were awarded second wave frontrunners status in the Neighbourhood Planning Vanguard Scheme. As a second wave frontrunner the borough council received an unring-fenced £20,000 grant. "The purpose of this grant was to provide support to authorities in England towards expenditure lawfully incurred or to be incurred by them."(Neighbourhood Planning Front Runners Grant Determination (2010/11: 31/1886))

Following the successful application, Market Bosworth Parish Council established a Market Bosworth Neighbourhood Forum comprising representatives of the local community. This group met for the first time in March 2012 and established individual roles and working groups.

Progress to date

Since the inception of Market Bosworth Neighbourhood Forum the group has met monthly and has taken the opportunity to undertake several tasks towards the production of a Neighbourhood Development Plan. These include commissioning a Market Bosworth based Web designer to create an interactive web site which provides a focus for community engagement and information dissemination relating to the NDP and wider community activities. This project is still on-going and is expected to be completed in February.

The Forum has also engaged with the Planning Advisory Service, Planning Aid, the Rural Community Council and Leicestershire County Council for advice and support in plan preparation.

The professional arm of the Rural Community Council has also been commissioned to assist the forum with consultation and stakeholder events and information dissemination. This assistance comes at cost to be borne by Market Bosworth Parish Council but will greatly assist in the understanding of the local community's wishes and aspirations for a neighbourhood development plan.

The forum has established smaller working groups to research and investigate specific topic areas including;

- Open Space
- Transport Travel & Parking
- Building & Development Group
- Planning & Development Parameters Group
- Stakeholders
- Draft NDP

A drop-in event was also held on Friday 25 January 2013 in conjunction with the Leicestershire Rural Housing Enabler in order to give the local community a chance to have a say in future developments within the parish and have a say on future housing needs. This event was well attended with 96 people registering their attendance. The primary concerns raised related to transport, traffic and parking, housing and facilities and services.

A stakeholder event is currently being organised for March which will provide discussions and workshops for the key stakeholders in Market Bosworth.

Other Leicestershire Authorities

There are seven district and borough councils in Leicestershire and one unitary authority (Leicester City). There are currently five districts assisting their parished areas with neighbourhood planning.

The largest collection of parishes undertaking neighbourhood planning under one banner is situated in Blaby and consists of eleven parishes working under the title

Fosse Villages. The Fosse Villages include the following parishes Aston Flamville, Croft, Elmesthorpe, Huncote, Leicester Forest West, Sapcote, Potters Marston, Sharnford, Stoney Stanton, Thurlaston and Wigston Parva. Fosse Villages are recently undertook a neighbourhood area designation application consultation which ran from 20 December 2012 to 31 January 2013.

Melton Borough Council currently has one parish, Ashfordby which has a designated Neighbourhood area which was endorsed by the council after a 8 week public consultation.

The District of Harborough currently has five areas designated as neighbourhood areas for the purposes of producing a neighbourhood development plan or order. These include the parishes of Bilesdon, Broughton Astley, Foxton, Scraftoft and Lubenham. These neighbourhood areas, with the exception of Lubenham were all designated as neighbourhood areas on 29 October 2012.

Charnwood currently has two parishes, Rothley and Mountsorrel, which are preparing to submit a joint neighbourhood area designation application, although no date for this submission has been provided.

Oadby & Wigston Borough Council, North West Leicestershire and Leicester City have no designated neighbourhood areas or any pending applications.

Role of Leicestershire County Council in Neighbourhood Planning

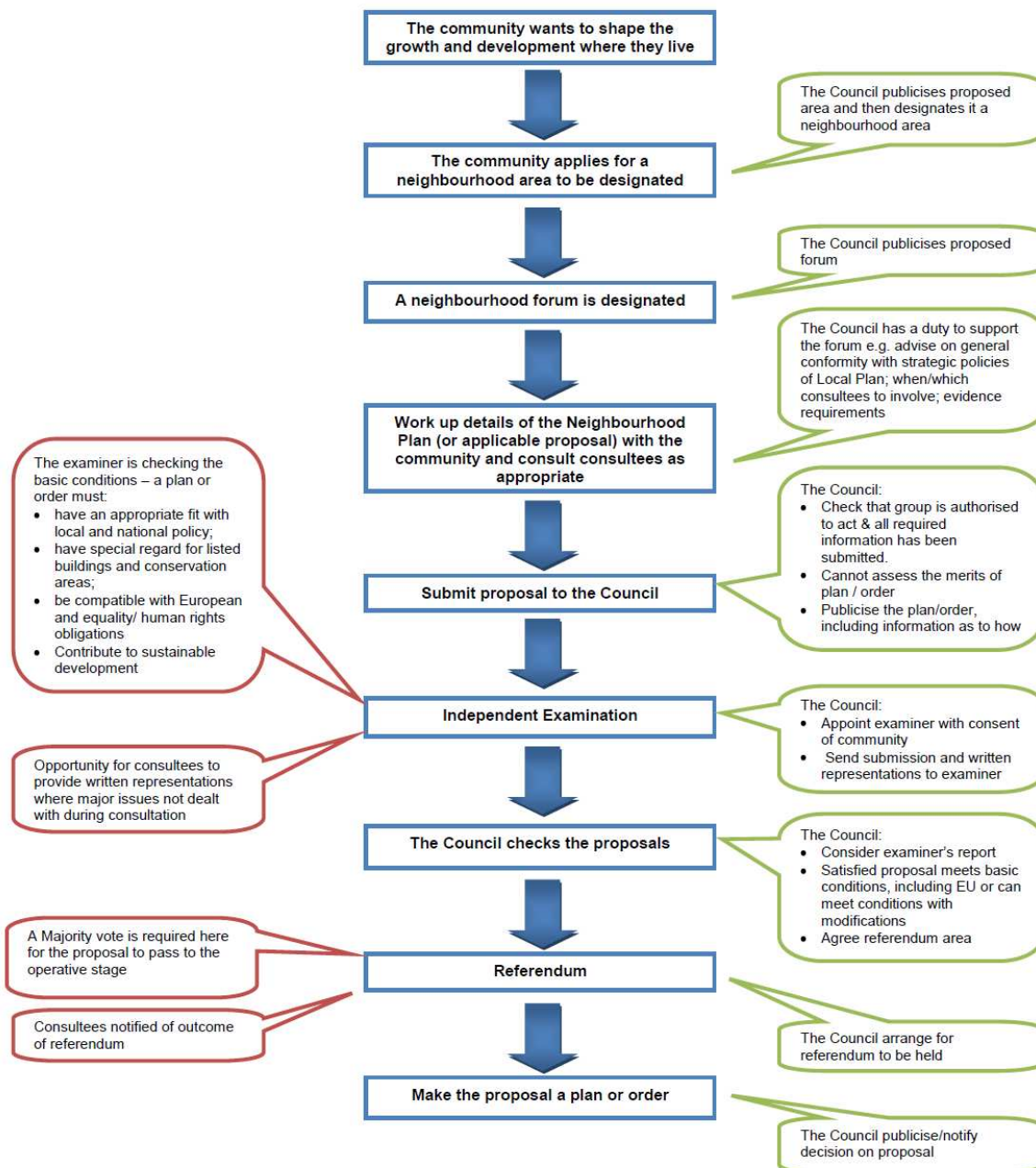
Leicestershire County Council have taken an advisory and intermediary role between Local Authorities, Forums, Parish Councils and other interested groups to help support the development and delivery of Neighbourhood Planning in Leicestershire.

Currently they have provided funding for the Rural Community Council to provide support and advice to neighbourhood groups and established networking events for neighbourhood groups to share their experiences and draw upon additional support.

In addition Leicestershire County Council in collaboration with other Leicestershire Authorities are currently producing a Neighbourhood Planning Toolkit to provide tailored, locally specific advice and signposts to assist parish councils and neighbourhood forums in preparing and delivering a neighbourhood development plans.

Appendix D- Neighbourhood Planning Process Flow

Neighbourhood Planning – The Process



COUNCIL – 21 FEBRUARY 2013
COMMUNITY GOVERNANCE REVIEW – FINAL
RECOMMENDATIONS
REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To seek Full Council approval of the final recommendations which are attached as appendix 1

2. **RECOMMENDATION**

Full Council approves the final recommendations made by the Community Governance Review working group following two rounds of consultations on Community Governance arrangements within Hinckley & Bosworth Borough.

3. **BACKGROUND TO THE REPORT**

- 3.1 Each Local Authority is required to periodically undertake a Community Governance Review of their Local Authority area. This is an exercise where the parish electoral arrangements across the whole area are reviewed to ensure that they are appropriate and relevant.
- 3.2 The council is undertaking a Review at this time because a period of 10 years has elapsed since the last one which was carried out in 2002. This is in line with government guidance that it is good practice to conduct a Review every 10-15 years. It is considered that a mid-term review is preferable to a review which takes place shortly before ordinary elections as this could be politically misconstrued.
- 3.3 The Terms of Reference form the basis upon which the Review is undertaken. It outlines the scope of the Community Governance Review and includes guidelines and considerations upon which any decisions will be made.
- 3.4 An initial consultation ran from 20 April to 20 July.
See appendix 1: "Final Recommendations" for details on how this consultation was carried out.
- 3.5 The Community Governance Review working group considered submissions received from the initial consultation and prepared draft recommendations which were subsequently approved by the Executive.
- 3.6 Following approval, the draft recommendations were published and the council has now concluded a second round of consultation (24 September to 28 December 2012) on the draft recommendations.
See appendix 1: "Final Recommendations" for details on how this consultation was carried out
- 3.7 Following the second consultation a meeting of the Community Governance review working group was convened on 09 January 2013 to discuss the findings.
See appendix 2 for the minutes from this meeting
- 3.8 Final recommendations for Council approval have now been finalised and are available at appendix 1

4. FINANCIAL IMPLICATIONS [AB]

The Authority will incur additional costs as part of the consultation process. These costs will be funded from existing Council budgets

5. LEGAL IMPLICATIONS [LH]

The Council is under a duty to carry out a Community Governance Review by Local Government and Public Involvement in Health Act 2007

6. CORPORATE PLAN IMPLICATIONS

The review contributes to the Corporate Aim of strong & distinctive communities by allowing consultation of stakeholders the opportunity for a robust and thorough review of current arrangements

7. CONSULTATION

See appendix 1 for details

8. RISK IMPLICATIONS

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

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

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Electorate dissatisfaction with revised arrangements	Maximise public awareness to ensure the electorate are aware of the consultation and how to submit a response. Council to give proper consideration to all responses received.	LH
Non-compliance with Central Government Policy	Council to be mindful of Government guidelines and policy and take this into consideration throughout the review	LH
Potential for judicial review	Council to ensure that all decisions are made with good reason	LH

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- Data used to identify the community or groups affected by the decision to ensure convenient and effective electoral arrangements are in place
- Impact on Parish Councils minimised where changes to current arrangements are proposed and ensure that consequential matters are fully considered

10. **CORPORATE IMPLICATIONS**

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

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

Background papers: Appendix 1 (Final recommendations)
Appendix 2 (Minutes from the Community Governance Review
working group meeting 09 January 2013)

Contact Officer: Yvonne Hughes (ext 5835)
Executive Member: Councillor S L Bray

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Appendix 1



Hinckley & Bosworth
Borough Council

A Borough to be proud of

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

COMMUNITY GOVERNANCE REVIEW

Final Recommendations

INTRODUCTION

Hinckley and Bosworth Borough Council has resolved to undertake a Community Governance Review of the Hinckley and Bosworth Local Authority area. This is an exercise where the parish electoral arrangements across the whole area are reviewed to ensure that they are appropriate and relevant.

In undertaking the review, the council will be guided by Part 4 of the Local Government and Public Involvement in Health Act 2007, the relevant parts of the Local Government Act 1972, Guidance on Community Governance Reviews issued in accordance with section 100(4) of the Local Government and Public Involvement in Health Act 2007 by the Department of Communities and Local Government and the Local Government Boundary Commission for England in March 2010, and the following regulations which guide, in particular, consequential matters arising from the Review: Local Government (Parishes and Parish Councils)(England) Regulations 2008 (SI2008/625); Local Government Finance (New Parishes) Regulations 2008 (SI2008/626). (The 2007 Act has transferred powers to principal councils which previously, under the Local Government Act 1997, had been shared with the Electoral Commission's Boundary Committee for England.)

The Guidance on Community Governance Reviews issued by the Secretary of State for Communities and Local Government published in April 2008 has also been carefully considered.

Why has the council undertaken the review?

The Council is undertaking a Review at this time because a period of 10 years has elapsed since the last one which was carried out in 2002. This is in line with government guidance that it is good practice to conduct a Review every 10-15 years.

Appendix 1

What is a Community Governance Review?

A Community Governance Review is a review of the whole or part of the borough area to consider one or more of the following:

- Creating, merging, altering or abolishing parishes
- The naming of parishes and the style of new parishes
- The electoral arrangements for parishes (the ordinary year of election; council size; the number of councillors to be elected to the council, and parish warding), and
- Grouping parishes under a common parish council or de-grouping parishes

Parish governance in the Hinckley and Bosworth area

The council believes that parish councils play an important role in terms of community empowerment at the local level and wants to ensure that parish governance in our borough continues to be robust, representative and enabled to meet the challenges that lie before it. Furthermore, it wants to ensure that there is clarity and transparency to the area that parish councils represent and that the electoral arrangements of parishes – the warding arrangements and the allocations of councillors – are appropriate, equitable and readily understood by their electorate.

Who undertakes the review?

As a principal authority, the borough council is responsible for conducting the review.

Full Council will approve the final recommendations before a Community Governance Order is made.

CONSULTATION

How the council conducted the consultation during the review

In coming to its recommendations in the review, the council has taken account of the views of local people. The Act requires the council to consult the local government electors for the area under review and any other person or body who appears to have an interest in the review and to take the representations that are received into account by judging them against the criteria in the Local Government and Public Involvement in Health Act 2007¹

¹ S.93, LG&PIHA 2007

Appendix 1

As set out in the council's Communication and Engagement Strategy "We will put the results of consultation in front of those who need them, helping them to respond appropriately to the issues raised and to use the data to make informed decisions. We will make sure that the key messages are communicated in clear, unambiguous ways and ensure clarity of understanding on the part of our audiences."

The council wrote to all parish councils, both when inviting initial submissions and when seeking views on the draft recommendations. The council also used information from the Local Land and Property Gazetteer as the source of properties in the area.

The council identified other stakeholders it felt may have an interest in the Review and invited comments from any other person or body who wished to make a representation. Any such person that made representation during the initial invitation to submit proposals was invited to make comments in respect of the draft recommendations.

The council intends to clearly publish all decisions taken in the review and the reasons for taking those decisions and will work to meet the Government's expectation in undertaking the review that "Community Governance Reviews should be conducted transparently so that local people and other local stakeholders who may have an interest are made aware of the outcome of the decisions taken on them and the reasons behind these decisions".

In accordance with the act, representations received in connection with the review will be taken into account, and steps will be taken to notify consultees of the outcome of the review, by publishing them on the council's website at www.hinckley-bosworth.gov.uk, through general press releases and placing key documents on deposit in reception at the Council Offices in Argents Mead, Hinckley, LE10 1BZ.

Appendix 1

A timetable for the review

Publication of the terms of reference formally begins the review, which must be completed within twelve months of this publication date.

The table which follows details the timescales for the review

Action	Timetable	Date
Publish Terms of Reference (Start of Review)		20/04/12 (following approval by Council)
Stage 1 – initial submissions are invited	3 months	20/04/12 - 20/07/12
Stage 2 - consider stage 1 submissions received - prepare draft recommendations	2 months	23/07/12 - 21/09/12
Stage 3 - publish draft recommendations		September 2012 (following approval by Executive)
- draft recommendations consultation	3 months	24/09/12 - 28/12/12
Stage 4 - consider stage 3 submissions received - prepare final recommendations	2 months	31/12/12 – 31/01/13
Final recommendations put to council for approval and published (Conclusion of review)		21/02/13
Reorganisation order made	Thereafter	By end March 2013

Appendix 1

Consideration of submissions

The Community Governance Review working group met on 09 January 2013 to consider the submissions received from the second round (Stage 3) consultation.

- The purpose of the meeting was to review the submissions received during the second round consultation and agree the final recommendations to be put forward for approval by full Council
- A report summarising the submissions had been circulated prior to the meeting

Final Recommendations

1. Bagworth & Thornton

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
BAGWORTH & THORNTON	BAGWORTH	4	1112	278	8	247
	THORNTON	4	868	217		

Following and in response to the initial consultation the following draft recommendations were made:

- That the parish be split into two parishes using the current ward boundaries
- That there should be 6 seats for Bagworth and 5 seats for Thornton

It was agreed that each elector in the existing parish would be sent a consultation letter to establish whether or not the community as a whole were in favour of this change.

Unfortunately, there was an extremely low response to the directed consultation 1955 consultation forms had been issued but only 313 responses had been returned. In total 125 supported the split and 167 were against. However, the response from Bagworth indicated that more were in favour of the split than against (68 for, 58 against) whereas from Thornton, more were against than in favour (57 for, 109 against).

The matter of how non-responses should be taken into consideration was discussed at length by the community governance review working group, as a number of complaints had been received due to the indication on the consultation letter that a non-response would indicate agreement with the draft recommendations. It was noted that this is standard and accepted practice generally in any consultation process and had been used in an attempt to increase

Appendix 1

the response rate. The working group members were also mindful that this was a consultation, not a vote, and that comments received as part of the consultation and the proportion of responses received should be looked at together as a whole. It was accepted by the group that usually a high non-response would generally mean that people are happy with the way things are. It was also noted that the working group expected to receive a far higher response to the second round consultation resulting in a clear indication of the wishes of the community and that this was the intention of the wording in the letter to residents.

The group discussed whether any other additional form of assessment could be carried out within the timescales allowed for this Community Governance Review, which could achieve a clearer indication of the wishes of the community. A number of options were considered. However, it was concluded that, as there had been little interest shown in the second round consultation and also towards the public meetings held by the Parish Council in both Bagworth and Thornton, any other form of consultation was likely to have similar results. The group was concerned also about the strict timescales for the completion of the review

The working group tried to identify clear reasons for splitting the parish. They could not find any compelling argument within the comments received from those supporting the split identifying significant benefits a split would bring to either Bagworth or Thornton. Furthermore, the number of responses did not reveal a clear mandate to make changes.

Final Recommendation:

The electoral arrangements for Bagworth & Thornton should remain as they currently are, that is: with a single Parish Council serving both Bagworth & Thornton jointly. The number of ward seats to remain as 4 seats for Bagworth ward and 4 seats for Thornton ward.

2. Barlestone

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
BARLESTONE	N/A	8	1996	249	8	249

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 1

3. Barwell

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
BARWELL	REDHALL	2	1129	564	12	602
	ST MARY'S	6	3664	610		
	CHARNWOOD	4	2439	609		

Following and in response to the initial consultation the following draft recommendations were made:

- That the current boundaries remain unchanged, but that they be reviewed during and after completion of expected significant housing development
- That the use of Barwell Scout Hut should continue and that the Jubilee Hall be included on the list of possible alternative polling stations until the next polling place review.
- That the names of St.Mary's ward and Charnwood ward be swapped and therefore corrected

No further submissions were received during the second round consultation and no other issues were identified by the working group

Final Recommendation: As per draft recommendations

Appendix 1

4. Burbage

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
BURBAGE	ST. CATHERINES	3	1766	588	20	597
	STRETTON	4	2653	663		
	SKETCHLEY	4	2102	525		
	TILTON	4	2482	620		
	LASH HILL	5	2940	588		

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

No further submissions were received during the second round consultation and no other issues were identified by the working group

Final Recommendation: As per draft recommendations

Appendix 1

5. Market Bosworth and Cadeby

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
MARKET BOSWORTH	N/A	8	1755	219	8	219

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
CADEBY	N/A	5	146	29	5	29

Following and in response to the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements, subject to the views of the residents of 'The Park' being sought.
- That all electors of 'The Park' be sent consultation letters to establish to which community (Market Bosworth or Cadeby) they consider themselves to belong

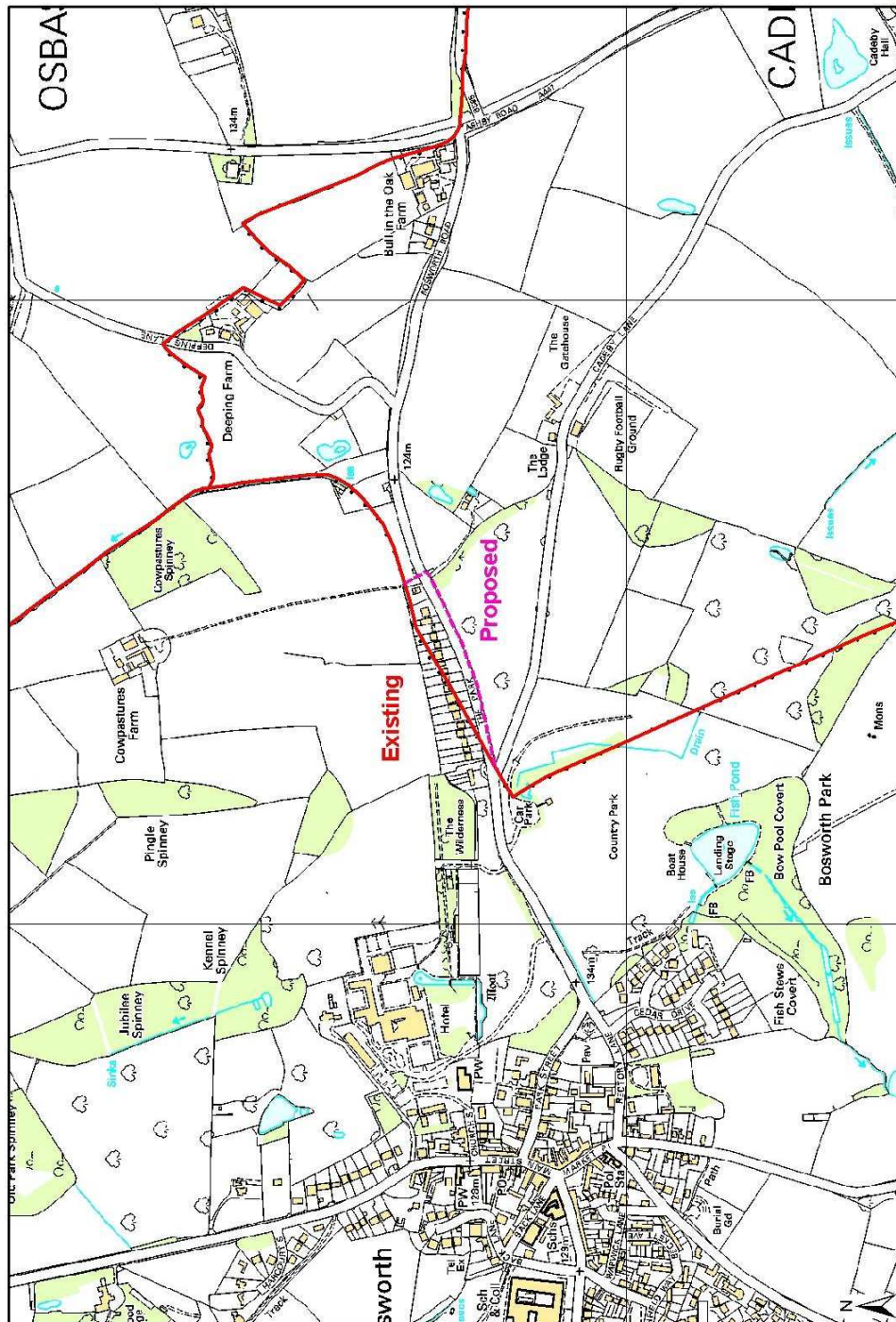
All responses received indicated that the residents considered themselves to be part of the Market Bosworth community rather than of Cadeby. Consideration was also given to the guidance issued by the Local Government Boundary Commission, which recommends that boundaries should follow natural boundary lines.

Final Recommendation:

Amend the boundary line to include all properties on The Park in the Market Bosworth Parish area. A map showing the existing boundary line and the recommended change to this is shown on the following page

Appendix 1

The map below identifies the existing boundary (shown in red) and recommended change to boundary line (shown in pink) between Market Bosworth & Cadeby parishes:



Appendix 1

6. Carlton

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
CARLTON	N/A	5	254	50	5	50

No submissions were received during the first consultation and one submission was received during the second round consultation, agreeing with the draft recommendation that no changes should be made to the existing arrangements.

Final Recommendation: No changes to the existing arrangements

7. Desford

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
DESFORD	BUFTON	2	434	217	12	266
	DESFORD	10	2765	276		

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 1

8. Earl Shilton

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
EARL SHILTON	CHURCH	2	1279	639	14	563
	WEAVERS	4	2288	572		
	TOWNLANDS	4	2135	533		
	WESTFIELD	4	2181	545		

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

No submissions were received during the second round consultation.

Final Recommendation: No changes to the existing arrangements

9. Groby

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
GROBY	GROBY	13	5632	433	16	381
	FIELD HEAD	3	470	156		

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

One submission was received during the second round consultation, but the issue raised was outside the remit of changes which can be made through a Community Governance Review.

Final Recommendation: No changes to the existing arrangements

Appendix 1

10. Higham on the Hill

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
HIGHAM-ON-THE-HILL	N/A	6	614	102	6	102

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

11. Markfield

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
MARKFIELD	N/A	10	3737	373	10	373

No submissions were received during the first consultation and one submission was received during the second round consultation, agreeing with the draft recommendation that no changes should be made to the existing arrangements.

Final Recommendation: No changes to the existing arrangements

Appendix 1

12. Nailstone

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
NAILSTONE	N/A	5	431	86	5	86

No submissions were received during the first consultation and one submission was received during the second round consultation, suggesting a change of polling station venue. This suggestion will be reviewed independently of the Community Governance Review.

Final Recommendation: No changes to the existing arrangements

13. Newbold Verdon

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
NEWBOLD VERDON	N/A	10	2483	248	10	248

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 1

14. Osbaston

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
OSBASTON	N/A	5	222	44	5	44

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

15. Peckleton

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
PECKLETON	KIRKBY MALLORY	2	333	166	6	154
	PECKLETON	2	230	115		
	STAPLETON	2	365	182		

The submissions received agreed that no changes should be made to the existing arrangements

Final Recommendation: No changes to the existing arrangements

Appendix 1

16. Ratby

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
RATBY	N/A	9	3405	378	9	378

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

17. Shackerstone

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
SHACKERSTONE	BARTON	2	196	98	6	120
	ODSTONE	1	75	75		
	CONGERSTONE	1	279	279		
	BILSTONE	1	45	45		
	SHACKERSTONE	1	125	125		

Following and in response to the initial consultation the following draft recommendations were made:

- That the distribution of councillors be changed in line with the request received (reduce Barton by 1 seat and increase Congerstone by 1 seat)

No further submissions were received during the second round consultation.

Final Recommendation: As per draft recommendations

Appendix 1

18. Sheepy

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
SHEEPY	UPTON	1	77	77	11	87
	SIBSON	2	149	74		
	WELLSBOROUGH	1	85	85		
	SHEEPY	7	648	92		

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

No submissions were received during the second round consultation.

Final Recommendation: No changes to the existing arrangements

19. Stanton Under Bardon

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
STANTON-UNDER-BARDON	N/A	5	505	101	5	101

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 1

20. Stoke Golding

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
STOKE GOLDING	N/A	7	1406	200	7	200

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

No submissions were received during the second round consultation.

Final Recommendation: No changes to the existing arrangements

21. Sutton Cheney

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
SUTTON CHENEY	DADLINGTON	3	221	73	7	60
	SHENTON	2	86	43		
	SUTTON	2	117	58		

Following the initial consultation the following draft recommendations were made:

- No changes to the existing arrangements

No submissions were received during the second round consultation.

Final Recommendation: No changes to the existing arrangements

Appendix 1

22. Twycross

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
TWYXCROSS	GOPSALL	2	213	106	7	91
	ORTON	2	161	80		
	TWYXCROSS	3	269	89		

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

23. Witherley

Current arrangements						
PARISH	PARISH WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL PARISH SEATS	RATIO OF ELECTORS TO SEATS
WITHERLEY	FENNY DRAYTON	4	426	106	11	110
	ATTERTON	1	28	28		
	RATCLIFFE	2	145	72		
	WITHERLEY	4	617	154		

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 1

24. Previously unparished areas

The council is required by law to consider other forms of community governance as alternatives or stages towards establishing parish councils. Currently, the Hinckley Borough wards are not represented by parish councils. However, there is a Hinckley Area Committee in place which provides the community representation for this area. This committee is made up of the borough councillors who have been elected for the relevant wards of this area. The structure of this governance is illustrated in the table below.

DISTRICT WARD	WARD SEATS	WARD ELECTORATE 1 DECEMBER 2011	RATIO OF WARD ELECTORS TO WARD SEATS	TOTAL DISTRICT SEATS	SPECIAL EXPENSES ELECTORATE 1 DECEMBER 2011	RATIO OF ELECTORS TO SEATS
Hinckley Castle	2	4864	2432	10	24498	2449
Hinckley Clarendon	3	6802	2267			
Hinckley de Montfort	3	7704	2568			
Hinckley Trinity	2	5128	2564			

No submissions were received during either consultation and no other issues have been identified by the working group

Final Recommendation: No changes to the existing arrangements

Appendix 2

COMMUNITY GOVERNANCE REVIEW Working Group meeting notes

6:30pm Wednesday, 9 January 2013

Present: Steve Atkinson (SA), Cal Bellavia (CB), Ilyas Bham (IB), Cllr Stuart Bray (SB), Paul Grundy (PG), Louisa Horton (LH), Yvonne Hughes (YH), Cllr Matthew Lay (ML), Cllr John Moore (JM), Jacqueline Puffett (JP)

Guests: Cllr Chris Boothby, Cllr Ozzy O'Shea

Apologies: Lee McMahon

- The purpose of this meeting was to review the submissions received during the second round consultation and decide whether or not the draft recommendations should be amended in any way prior to the preparation of the final recommendations.
- A report summarising the submissions had been circulated prior to the meeting.
- SA opened the meeting noting that the two main issues for discussion were
 - the proposed splitting of Bagworth & Thornton Parish Council into two separate Parish Councils
 - the boundary line between Market Bosworth & Cadeby parishes which divides a street (The Park)
- It was noted that the final agreement of any recommendations made as a result of this meeting must be made at the full Council meeting scheduled for Tuesday March 12 2013 at the latest.

Bagworth & Thornton

- Cllr Chris Boothby and Cllr Ozzy O'Shea had been invited to the meeting in their capacity as Borough Councillors for the ward of Ratby, Bagworth & Thornton. This was to enable them to provide any feedback they had personally received from stakeholders within the existing parish of Bagworth & Thornton and to take part in the discussions regarding the future of electoral arrangements for this area.
- Cllr Boothby advised that the current Parish Council has an overwhelming desire for the arrangements to remain as they are. There is currently the need for only one office whereas a split would require two clerks, two offices and the additional costs associated with these will increase the precepts. This would mean that the local residents will have to foot the bill. He also noted that there had been a disappointing response to the second round consultation where every elector had been individually invited to submit their views on the draft recommendation to split the parish. He asked the group for the reasons behind this recommendation.

Appendix 2

COMMUNITY GOVERNANCE REVIEW Working Group meeting notes

- SA explained that the first round consultation had asked for suggestions for the future of community electoral arrangements across the whole of the Hinckley & Bosworth Borough local authority area. A number of submissions had been received from residents of the Bagworth & Thornton Parish area suggesting the split. He noted that although, given the size of the parish, there were a relatively small number of submissions made, it would have been wrong not to give the suggestion due consideration. It was therefore decided by the working group at the previous meeting that the suggestion should be explored and was therefore included as a draft recommendation, subject to consultation with parishioners.
- It was noted that the draft recommendations are not final. The working group made the decision at that time of making the draft recommendations to write to every elector registered within the parish to make them aware of the draft recommendation and to ask them to respond with their views. The hope had been that this would give the working group a clear indication of wishes of the community. In the interests of promoting as great a response as possible, the working group had agreed that parishioners be advised that a 'nil' response would be deemed to be in support of the draft recommendation.
- LH also noted that, as required by the review procedures, following the initial consultation a draft recommendation had to be put into writing and that this draft recommendation was put to and approved by the Executive for the second round consultation.
- Cllr Boothby advised that there was a feeling amongst some electors he had spoken to that the draft recommendation to split the parishes had been made for political reasons. The working group members unanimously rejected this suggestion. All agreed that the parish should be able to decide their own future amicably and that the final decision should be based upon the best interests of the community, as expressed by the community.
- The group reviewed the submissions received. Nearly 2000 consultation forms had been issued but only 313 responses had been received. In total 125 supported the split and 167 were against. However, the response from Bagworth indicated that more were in favour of the split than against (68 for, 58 against) whereas from Thornton, more were against than in favour (57 for, 109 against). The group noted this disparity and considered why this should be, but were unable to identify a specific cause.
- Cllr O'Shea advised the group that the majority of residents he had spoken to wanted the arrangements to remain as they are and as they have been for many years. He also noted that these residents see themselves as being one community and cannot think of a reason for the parish to be split. The residents of Thornton use facilities in Bagworth and children who live in Bagworth go to school in Thornton.

Appendix 2

COMMUNITY GOVERNANCE REVIEW Working Group meeting notes

- SB reminded the group that full Council must make the final decision and reiterated that whatever decision is made, it must be in the best interests of the community. He noted that the current make-up of the Parish Council where there are four councillors representing each ward indicates that there should be no feeling that one ward is more represented than the other.
- JM agreed that the community should make the decision. He referred to some of the comments received and questioned the credibility of those which anticipated increased costs and was concerned that as a result the decision could be made on the basis of 'facts' which don't stack up. He pointed out that costs could be kept down by sharing some services as is the Borough Council's policy.
- SB was concerned that there hadn't been a huge response to the consultation. He questioned whether or not the community had really spoken.
- A query was raised with regard to how the first round consultation was conducted as some members had received criticism that residents in Bagworth and particularly Thornton had been unaware that the review was taking place. It was confirmed to the group that notification of the review had been advertised in various ways including an article in the Borough Bulletin which goes to every household in the Borough.
- The matter of how non-responses should be taken into consideration was discussed at length as a number of complaints had been received due to the indication on the consultation letter that a non-response would indicate agreement with the draft recommendations. It was noted that this is standard and accepted practice generally in any consultation process. The point was also made that this was a consultation, not a vote, and that comments received as part of the consultation and the proportion of responses received should be looked at together as a whole. It was accepted by the group that usually a high non-response would generally mean that people are happy with the way things are. It was also noted that the working group expected to receive a far higher response to the second round consultation resulting in a clear indication of the wishes of the community and that this was the intention of the wording in the letter to residents. Unfortunately, there was an extremely low response to the directed consultation.
- The group discussed whether any other additional form of assessment could be carried out within the timescales allowed for this Community Governance Review which could achieve a clear indication of the wishes of the community. A number of options were considered, however, it was concluded that as there had been little interest shown in the second round consultation and also towards the public meetings held by the Parish Council in both Bagworth and Thornton, any other form of consultation was likely to have similar results. The group was concerned also about the strict timescales for the completion of the review

Appendix 2

COMMUNITY GOVERNANCE REVIEW Working Group meeting notes

- The group tried to identify clear reasons for splitting the parish. They could not find any compelling argument within the comments received from those supporting the split identifying significant benefits a split would bring to either Bagworth or Thornton. Furthermore, the number of responses did not reveal a clear mandate to make changes.
- It was agreed that there was no clear way to resolve the matter.
- The group therefore concluded that based upon the responses and comments received and that as they had not been given any clear reason to split the parish, the electoral arrangements for Bagworth & Thornton should remain as they currently are, that is, with a single Parish Council serving both Bagworth & Thornton jointly.

Cadeby / Market Bosworth

- The responses received from residents on The Park were reviewed. Of the 48 consultation letters issued, 14 responses had been received. All of these indicated that the residents considered themselves to be part of the Market Bosworth community rather than of Cadeby.
- The group looked at the financial implications of changing the boundary and considered that there would be no significant impact on either Parish Council.
- The group also took guidance issued by the Local Government Boundary Commission into consideration which recommends that boundaries should follow natural boundary lines.
- It was therefore concluded that the final recommendations should include the moving of the boundary to include all properties on The Park in the Market Bosworth Parish area.
- The moving of this boundary will have no effect on the Borough ward, County district, or Parliamentary constituency boundaries.

Groby

- A single response was received from Groby which disagreed with the recommendation to keep the existing electoral arrangements. The correspondent wished to see more powers devolved from the Borough Council to the Parish Council. This suggestion had been received during the first round consultation.
- The working group agreed that this suggestion fell outside the remit of the community governance review and therefore the draft recommendation for the arrangements to remain unchanged would go forward to the final recommendations

Appendix 2

COMMUNITY GOVERNANCE REVIEW Working Group meeting notes

Other areas

- All submissions received for other areas were in agreement with the draft recommendations. It was agreed by the group that these would be carried forward to the final recommendations

Conclusion of the review

- YH to draft and circulate the final recommendations report and Community Governance Order to the working group for approval prior to the submission to full Council.

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SCHEDULE OF MEETINGS

1 May 2013 - 31 May 2014

	MAY '13	JUN '13	JUL '13	AUG '13	SEP '13	OCT '13	NOV '13	DEC '13	JAN '14	FEB '13	MAR '13	APR '13	MAY '14
Council	14		16		24			3		Thu 20		8	13
Executive	1		3		11		19		21		26		28
Finance, Audit & Performance Committee		3	15		16		11		6	17	31		12
Ethical Governance & Personnel Committee		12		7		2	27		22		19		14
Planning Committee	21	25	23	20	17	15	12	10	7	4	4	1 29	27
Scrutiny Commission		6	18	29		10	21		16	27		10	22

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