Hinckley & Bosworth
Borough Council

A Borough to be proud of

MEDIUM TERM FINANCIAL STRATEGY

2016/17 to 2019/20

CONTENTS

APPENDICES

1. FOREWORD

Although the economic outlook is continuing to improve, Government still spends more than it collects and so significant pressure remains to bring the country out of its budget deficit by 2020. Government is tackling this through a programme of sustainable economic growth, and a drive for efficiency savings and cost reductions across public services.

The landscape of Local Government is changing dramatically. Government has set in motion the creation of Combined Authorities, who will be able to request devolved powers to the local area. All Councils in Leicester and Leicestershire are currently in the process of establishing such an authority. The deal is expected to be completed by the end of 2016 and the costs of running the authority will be shared across all of Leicestershire's authorities. There is also strategic transport collaboration across East and West Midlands through Midlands Connect, and the 'Midlands Engine for Growth'.

This devolution agenda along with the setting up of health and wellbeing Boards, a raft of newly locally announced economic programmes such as: City Deals, local growth deals, local enterprise partnerships (business-led, but funded and delivered by local authorities), and enterprise zones, are but a few of the relatively new initiatives and supported by sub-regional groups. In themselves individually, these different initiatives will require the right level of resources to be in place to enable them to operate effectively.

The way that Council is funded in future will be significantly different to how it has been historically, with Government Grants being replaced with new fundraising powers for Local Councils. Councils will need to move toward having financial plans which seek to make the most of local powers in becoming as financially self sufficient as possible.

Councils Challenge will be to ensure that its investment in these bodies comes together and operates effectively and efficiently to deliver economic and financial benefits.

Hinckley & Bosworth Borough Council has historically resisted increases in council tax. This has led to the Council having the ninth lowest council tax charge out of 201 District councils in the Country at £112 per year, which is £32 less than the 50th lowest Council and significantly below the average. Government is expecting that Councils will need to raise Council Tax as part of their future funding regime, although currently there is a 2% limit on any such increase without a public referendum, where district councils and shire counties are in the lowest quartile they can increase Council Tax by £5 without a public referendum. To help secure the finances of the Council we have introduced a £5 increase beginning in 2016/17.

New Homes Bonus is being extended beyond the initial term but will be reformed, with the likely change resulting in the matching period being reduced from 6 years to 4 years, as some funds are diverted from this programme to fund adult social care improvements. However, the government is consulting on the details and wants to “sharpen the incentive to reward communities for additional homes”.

Details of both of these reforms were set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no local authority loses out disproportionately.

During the last Parliament, Government provided Councils with a number of temporary grants, which were used to keep Council Tax low, but which have now ceased. Council now has to find ways of either replacing this income, or reducing some services.

There will also be a dramatic change in the way business rates are managed, with local retention of growth in business rates, subject to some redistributive safeguards. This is an opportunity for the Council, and encourages economic growth as a means of creating new funding.

Local Government is also expected to continue to implement efficiency savings and reduce costs, through more coordinated activity, partnership working and making growth a priority at the local level. Plans will be put in place to ensure the Council meets these targets during the life of this Strategy.

Our ability to fund capital projects will remain constrained, through a ‘cap’ on borrowing, the availability of land and capital receipts. Many capital projects will rely on making successful capital bids to the Leicester and Leicestershire Local Enterprise Partnership (LLEP), and the Coventry and Warwickshire Local Enterprise Partnership (C&WLEP).

The Council is also progressing with the development a wholly owned development company, although with some prudence as the company will need to be financially self sufficient. This company will help the council to deliver new housing in the area, generate jobs, and provide income for the Council’s General fund.

The Council exists primarily to serve the citizens of our Borough, but its role is changing and will therefore begin to offer new services, services which change the way we operate with other public bodies. District Councils everywhere are having to re-define themselves; by becoming more pro-active in preventing problems for other agencies such as the police and the NHS; by seeking ways to improve lives and reduce the welfare burden; by using money where it is needed to invest in all of our communities; by generating new ways of self financing; by having a greater say in regional Government, and all this whilst improving the efficiency of our traditional services.

The Council is changing, the range services it provides, the way they are provided, and how they are funded is changing. This MTFS sets out the picture as we see it now, and shows how we are starting to respond to those changes. The strategy will evolve as new Government policies are implemented always providing for the long term benefit of the local community and the long-term sustainability of the Authority.

Councillor Miriam Surtees	Ashley Wilson
Executive Member for Finance	**Interim Head of Finance**

2. INTRODUCTION

The Medium Term Financial Strategy (MTFS – the Strategy) 2016/17- 2019/20 sets out the financial planning framework for Hinckley and Bosworth Borough Council (the Council) and shows how national, regional, sub-regional and local issues are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

There is a an increased emphasis on devolution to the local level, with more changes announced by government in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to business rates retention (BRR) with a view to implement a 100% business rate retention for local government, with as yet unknown redistribution mechanisms, and a review funding from the New Homes Bonus (NHB) awarded to reduce the number of years payments are received. These tie in with the Government's desire to increase affordable housing over a shorter time frame and free up more public sector land for development.

This has meant the Council has to look for income from other sources and make difficult decisions in relation to the level of Council Tax it will charge. Key decisions in this area will be to accept the government's offer to increase the Council Tax by £5 each year for the period of the MTFS, as the Council is in the bottom quartile of charge levied in England and Wales, and levy a £24 annual green waste collection charge.

The council continues to minimise increases fees and charges (e.g. car parking charges) to assist local residents and businesses, which means that the Council's budgets continue to be under pressure. The financial modelling and forecast sets out an analysis of these factors. Across the country, many local authorities are having to look for drastic measures to cut costs and ensure solvency in the medium term. In Leicestershire, the County Council's Provisional MTFS to January 2016 notes it has to make £78 million savings over to the period ending 2019/20. In order to achieve these targets, pressures will be transferred to district councils in areas such as waste, children's services and older people services. For this Council, the direct impact of these changes has created an estimated budget pressure from 2015/2016 of up to £500,000 overall. The indirect impact of changes inflicted by the County Council, however, could increase this pressure by many thousands more. Therefore it is essential that we hit the targets being used to forecast the MTFS for 2016/17:

<u>2016/17 Targets</u>

	2017/2018 Forecast	**2018/2019 Forecast**	**2019/2020 Forecast**	
Description	**£**	**£**	**£**	**Assumptions**
Block C Rentals	-119,833	-26,201		Assumed 90% then 95% occupancy

Leisure Centre income	-71,946	-499,180	-108,200	Mgt fee doubles in 2018/19
Inflationary increases Fees and Charges	-67,856	-68,534	-69,220	1% on Fees and charges
Defending planning appeals	-50,000			Assumed savings targets
Hub savings (VCS) income	-35,000			Assumed savings targets
Channel Shift savings	-31,902	-18,714	-19,202	Channel shift savings 10% but staggered between years 2-5 on various elements
Support service savings	-25,000	-25,000	-25,000	Assumed savings targets
Development control income	-16,387	-16,714		Assumed 2% growth for 17/18 onward, 16/17 includes known growths
Car parks	-7,980	-8,139	-9,102	10% reduction from impact of Sainsbury's, 2% increase after 16/17
Building Control	-3,989	-4,069		Assumed 2% growth for 17/18 onward, 16/17 includes known growths

Locally, the commitment to minimise the pressure of economic pressures on the local tax payer has meant that council tax has been frozen for a fifth year in 2015/2016. In real terms, this has created an opportunity loss in spending power during this period of over £690,000; thereby exasperating the Council’s financial position. This policy, taken together with the desire of the Council to minimise increases and introduction of new fees and charges (e.g. car parking and green waste) to assist local residents and businesses, means that the Council’s budgets are coming under considerable strain from 2016/17 onwards. To address some of this pressure the decision to increase Council Tax by £5 and introduce a £24 green waste charge has been included in the MTFS.

The funding of the Capital Programme over the period of this Strategy will also be challenging as regional funding that this Council benefited from in the past is no longer available and as the capital receipts reserve will be reduced to £1.8m by the end of 2019/20.

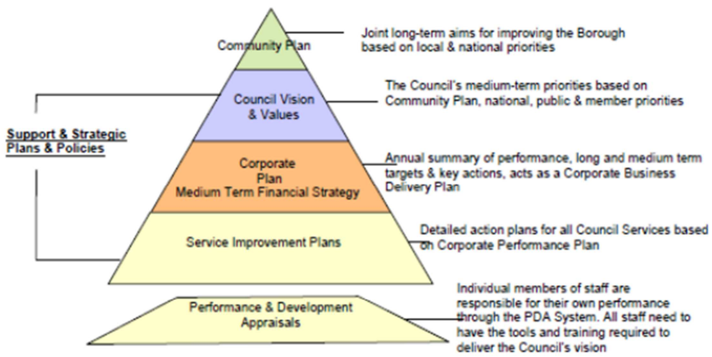
Capital funding will be channelled through sub-regional bodies such as Leicester and Leicestershire Economic Partnership (LLEP), and the Coventry and Warwickshire LEP and it will be important for this Council to continue to strengthen its relationship with these sub-regional bodies in order to meet its ambitions for regeneration.

The government has decided that there will be a change in the level HRA rents can be charged, with a 1% reduction in rent per year for the next 4 years. This is due to Central Government's desire to reduce housing benefit costs, which means that less funds are available and the Council will have to take on additional debt to cover the £5m shortfall created over the next five years . There is some exemption in relation to supported (sheltered) housing, if the Council chooses to take that option. The 2016/17 budget is based upon a 0% increase.

The Council needs to strike a balance between the desire to build new homes and increase our New Homes Bonus revenue and the need to expend some of the available resources on the Council's existing stock of housing in order to maintain the stock at decent homes standard. The HRA business case and Investment Plan that will set out these priorities is being updated and the implications of the choices is in the process of being completed and will be presented to Members later in 2016/17.

The MTFS is one of a suite of strategic documents that forms the Corporate Planning Framework and sets out the national, regional and sub-regional factors affecting the financial planning and resource allocation of the Council linked to its corporate objectives.

Hinckley and Bosworth Borough Council– Corporate Planning Framework



The Council's vision is to make Hinckley and Bosworth 'a Borough to be proud of'. To achieve the Council's vision four long term Aims have been identified:

- Creating a Vibrant Place to Work and Live
- Empowering Communities
- Supporting Individuals
- Providing Value for Money and Pro-active Services

The Council uses its performance management framework to ensure that services improve and that plans, partnerships and strategies deliver the Council's Aims.

The Council regularly consults its community regarding local priorities to inform its strategic plans and policies. This consultation is conducted through both the Citizens Panel and borough-wide through the Borough Bulletin and the Council's Internet.

Detailed plans for the development and delivery of services are included in Service Improvement Plans (SIPs) prepared on an annual basis by service managers. These are three year plans that are used to identify service pressures and thus inform the MTFS to identify resource requirements.

Confirmed local public priorities, county-wide, Member and national priorities are used to develop and inform the Council's delivery plans for the medium to long-term. The purpose of setting priorities is to allocate resources to meet the needs of the borough, whilst recognising that the Council has finite resources and cannot achieve everything all at once.

The MTFS considers the services in which the Council needs to invest for the years ahead in order to meet the corporate objectives and long-term service ambitions. It considers also the implications of this spending on council tax levels and on other sources of income. The budget strategy for each of the years of this strategy will similarly take into account the Authority's priority and non-priority services. As regards non-priority services, the Council needs to ensure that it meets minimum statutory requirements.

3. EXECUTIVE SUMMARY

This MTFS takes into account the Council's Corporate Plan objectives. It takes into consideration national and county-wide initiatives together with local pressures facing the Council.

The MTFS is prepared within a climate of continued national and local uncertainty and large scale changes in the operation of local government finance. Many aspects of what the Council is striving to achieve during the MTFS period and the impact of various changes are difficult to quantify and will need to be continually refreshed. Nevertheless, it is important that this Strategy is refreshed to incorporate what is known but also to forecast what **could** occur in the future (both positively and negatively). By doing this the Strategy provides as clear a framework and direction as possible as to how resources can be used to support of the work of the Council over the three years.

This strategy has been compiled against the backdrop of the 2015 Comprehensive Spending Review (CSR15) announced by the Government in November 2015, the Autumn Statement of 2015 and the Provisional Financial Settlement announced in December 2015. The overriding objective of the CSR15 review was to eliminate the remaining national budget deficit over the life of this Parliament. This requires a further £20 billion of savings to be made nationally by the 2019/20.

In order to support this objective, the total level of central government support to Local Government was forecast to drop by up 24% over the life of the review.

The Spending Review and Autumn Statement aim to deliver on the government's priority to provide security to working people at every stage of their lives. It sets out a 4 year plan to fix the public finances, return the country to surplus and run a healthy economy that starts to pay down the debt. This is intended to secure Britain's long term economic security and enable the government to spend £4 trillion on its priorities over the next 4 years. For the Department for Communities and Local Government (DCLG) this settlement means:

- more than £20 billion of gross capital investment over the next 5 years to support housing and local growth
- doubling the housing budget from 2018 to 2019 to deliver 400,000 new homes, the biggest affordable house building programme by a government since the 1970s
- further spending on targeted initiatives that tackle homelessness and support the victims of domestic violence

Therefore affordable housing is a key area of the Government's plans and will be a key delivery for Local Authorities.

Other potential impacts on Hinckley and Bosworth Borough Council

- There will be an overall reduction of 24% in central government funding for local government in the period up to and including 2019/20. This is a little less of a reduction than anticipated, but we still need to see the fine detail for this Council.

- Councils will be able to use capital receipts for revenue purposes, subject to specific conditions not yet published. This Council's ability to realise significant capital receipts is very low, but may expand in the future. It will not apply to receipts from Right to Buy.

- The proposal to allow local authorities to retain 100% of business rates income is positive, but details on the allocation between District and Counties in the two-tier area and redistribution to enable low-growth areas to have a degree of protection (called 'damping') have yet to be announced. This should be a positive position for this Council, given the drive we are making to secure high levels of growth

- Balanced against the Business Rates proposal will be the withdrawal (over the same period - to 2019/20) of Revenue Sport Grant. This should still be a 'net positive' for this Council, unless the Business Rates 'damping' is too severe.

- There will be a consultation on appropriate action to limit public sector exit payment terms and sickness absence, along with a continuation of average public sector pay awards of 1% for four years from 2016/17 and a 'reining in' of excessive senior salaries.

- The Better Care Fund will continue into 2016/17; from 2018 funding will be made available to local government (£1.5b in 2019/20) to be included in the Better Care Fund, to assist the integration of Health and Social Care activity. Little, if any, of that is likely to find its way to District Councils.

- On Disabled Facilities Grants, some £500m will be allocated in 2019/20; this was £220m in 2015/16. However, this will be allocated to Districts by the Better Care Fund (see above), which is a Social Care (County Council) administered fund.

- In respect of New Homes Bonus, current commitments will be honoured for their six-year terms, which is good news for this Council. However, the government will consult on responses for the future, including a reduction in the term of the payments to four years from six years, or even a shorter period depending on the outcome of consultation. No detail has been offered yet on how the split between county and district councils in two-tier areas might operate; it is currently 80% District and 20% County.

- Government will cap the amount of rent that Housing Benefits will cover in the social sector to the relevant Local Housing Allowance.

- The Government has stated the intention to increase the funding available to assist in innovative ways of preventing and reducing homelessness

- Additional Discretionary Housing Payment funding is to be made available to local authorities to protect the most vulnerable. Details are yet to be published.

This Spending Review prioritises housing by doubling the housing budget from 2018-19. It is said to be the most ambitious plan since the 1970s to build homes that support working people in their aim to buy their own home.

This Spending Review sets out a Five Point Plan for housing to:

- Deliver 400,000 affordable housing starts by 2020-21, focussed on low cost home ownership.

- Deliver the government's manifesto commitment to extend the Right to Buy to Housing Association tenants.

- Accelerate housing supply and get more homes built by: bringing forward further reforms to the planning system, including establishing a new delivery test on local authorities, to ensure delivery against the number of homes set out in Local Plans and supporting the availability of appropriate land for housing, including by releasing public sector land

- Extend the Help to Buy: Equity Loan scheme to 2021.

- Higher rates of Stamp Duty Land Tax (SDLT) will be charged on purchases of additional residential properties, such as buy to let properties and second homes, with effect from 1 April 2016.

In order to address the ongoing financial pressures in the sector, local government will continue to have to seek efficiencies and transform service delivery. By pre-empting these pressures in the past, this Council has put itself in a position where it has managed the pressures so far without any large scale net reductions in expenditure or service. That said, the cumulative effect of grant reductions, the economic climate and County Council cutbacks has created a situation where larger changes are required. Inevitably these will include consideration of the structure of and services (especially non-stautory) provided by the council, which are detailed in the Strategy.

3.1 Budget Assumptions

As outlined above, the future of spending and funding for this Council is volatile and heavily dependant on factors such as Government policy and the financial stability of businesses, local citizens and partners. In order to effectively plan for the medium term, this Strategy sets out the most likely forecast around a range of assumptions for income streams, expenditure requirements and funding settlements, all of which could have a material impact of the financial standing of this Council. By considering these pressures the Council is able to effectively quantify the potential impact which may occur.

Description	**2016/17 Forecast**	**2017/18 Forecast**	**2018/19 Forecast**	**2019/20 Forecast**
Council Tax	£5 increase in average Band D Council Tax	£5 increase in average Band D Council Tax	£5 increase in average Band D Council Tax	£5 increase in average Band D Council Tax
Income levels • Development control • Building control	Increase of £175k			
New Homes Bonus Based on amounts notified and our trajectory of new home build.	£2.9m As per financial Settlement	£3.1m 6 year settlement	£2.5m .4 year settlement	£2.1m 4 Year settlement
Council Tax Support to Parishes	Removal of Support	N/A	N/A	N/A
Revenue Support Grant based on Settlement (2016/2017 onwards)	£1,257k.	£754k	£437k	£84k
Council Tax Base	2% increase	2% increase	2% increase	2% increase
Green Waste (2016/17 onwards)	Charge introduced at £24 per household with 40%	Continue with charge	Continue with charge	Continue with charge

	take up (as per report to Scrutiny)			
ICT Procurement (2016/17)	£50k saving	A further £32k	A further £19k	A further £19k
Business Rates Retained Growth (2016/17 onwards)	2.5% growth	5% growth	7.5% growth	7.5% growth
Increased Income from Atkins/Hub buildings	Nil	£35k	N/A	N/A
Efficiency Savings		£175k	Further £75k	
Additional Cost of Discretionary Housing Payments (DHP) (from 2016/17)	N/A	£25k	N/A	N/A
Occupancy of Block C (from 2016/17)	75% occupancy £243k	90% occupancy Additional £60k	95% occupancy Additional £15k	95% occupancy Additional £15k

The following table summarises the budget requirements and the underlying funding for the four years of the Strategy along with a summary of the pressures and savings required in 2016/2017, and expectations for the years after that. The council policy is to hold minimum general fund balances of 10% of the net budget requirement.

	2016/17 £	**2017/18 £**	**2018/19 £**	**2019/20 £**
Net budget Requirement(NBR) after use of Balances and Reserves	10,248,194	9,941,263	9,736,847	9,428,753
Financial Settlement (Including New Homes Bonus, RSG and Retained Business Rates)	6,599,235	6,060,051	5,615,552	5,059,325
Council Tax	3,648,960	3,881,212	4,121,295	4,369,428
Movement on Balances	-115,933	112,749	-119,101	-526,528
Level of General Fund Balance (less Special Expenses)	1,113,891	1,226,640	1,107,539	581,012
Minimum level 10% of NBR	1,024,819	994,126	973,685	942,875
Level of General Fund Reserves	4,018,990	4,405,360	4,791,730	3,536,620

The table below gives the overall savings and pressures included in the 2016/17 budget, which were covered in the 2016/17 General Fund Budget report, excluding Green Waste:

	£
Service Pressures	2,585,014
Savings	-2,201,418
Net pressures	383,596

In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 2-3% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 1.1% has been used, unless otherwise specified within the terms of the specific contract.

The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2016/17 estimates includes the agreed 1% pay award, agreed nationally. The council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2015/16.

Service pressures totalling £2,585,014, endorsed by the Strategic Leadership Board, have been included in the budget. Of this amount:

- £459,000 relates to staff cost resulting from pay inflation, pay increments, pension and NI costs. Pension and NI changes account for £246,000 of this increase and are outside of the council's control.
- £298,100 relates to additional costs incurred under the recycling contract.
- £108,970 relates to asset management costs for Block C, but is completely off set by associated income.
- £157,000 relates to additional interest in relation to funding the capital programme.
- £174,041 impact from the Tin Hat Partnership loan which ended in 2015/16.
- £30,200 relates to a net increase in the budget for restructuring costs that may arise in year.

In comparison, service managers and the Corporate Operations Board (COB) have identified £2,201,418 savings through review of income streams and expenditure levels. The most significant of these savings, excluding Green Waste, are:

- £336,421 (net) from Leisure Centre rentals to be received in 2016/17.
- £351,779 rental income due to the Council in 2016/17 from the units owned on the Crescent development (Block C).
- £154,000 increase in trade waste and recycling income.
- £143,000 savings from the planned removal of Local Council Tax Support Funding to parishes.

- £15,000 additional growth in the income budget for planning fees. This reflects the ongoing increase in applications made to this service.
- £129,000 of Planning Site allocation savings from previous year to be realised in 2016/17.
- £119,000 related to a potential VAT liability that was set aside in relation to the Greenfield site, as note in the 2015/16 general fund budget report, but has not been required.

The table below covers the savings and pressures that have been included in future years based on our current forecast. Each year the council completes an exercise to identify potential savings and pressures. Therefore there is the potential that in future years further savings and pressures will be identified, and forecasting to 2019/20 increases the level of uncertainty in the achievement of the figures given due to unforeseen circumstances. The forecast is considered the most likely based on our current knowledge and assumptions. In the table below, negative (-) amounts relate to savings/additional income; positive amounts refer to additional pressures.

	2017/2018	**2018/2019**	**2019/20**	
	Forecast	**Forecast**	**Forecast**	
Description	**£**	**£**	**£**	**Assumptions**
Block C Rentals	-119,833	-26,201		Assumed 90% then 95% occupancy
Leisure Centre income	-71,946	-499,180	-108,200	Mgt fee doubles in 2018/19
Inflationary increases Fees and Charges	-67,856	-68,534	-69,220	1% on Fees and charges
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Support service savings	-25,000	-25,000	-25,000	Assumed savings targets
Development control income	-16,387	-16,714		Assumed 2% growth for 17/18 onward, 16/17 includes known growths

Car parks	-7,980	-8,139	-9,102	10% reduction from impact of Sainsbury's, 2% increase after 16/17
Building Control	-3,989	-4,069		Assumed 2% growth for 17/18 onward, 16/17 includes known growths
Dry Recycling contract		470,000		Dry recycling tonnages reducing. Assumed reduction will be offset by inflationary increases in credit rate paid by LCC
Admin support grant changes	10,000	10,000	10,000	Expecting reductions assumed £10k in future years based on historical movements.
Additional interest payable/(receivable)	18,300	-10,200	-10,200	0.75% base rate for 2016/17 and 1% for 2017/18 and 2018/19
Discretionary Housing Payments	25,000			Assumed increases based on historical trend
Restructure costs	40,000			To cover potential restructure costs
Inflationary increases	111,744	112,861	113,990	1% on contracts, 0% on supplies & services
Capital Financing	172,000	-8,000	20,000	MRP implications of Capital Expenditure
Pay cost increases (all elements, NI, Pensions and increments)	192,400	194,324	196,267	This is to cover the costs of pay pressures based on 1% pay inflation

4. HBBC FINANCES

4.1 Council Tax

The amount of council tax an authority needs to raise is the difference between its budget requirement (the Council's planned spending less any funding from reserves and income, excluding income from the Government and council tax) and the funding it will receive from the Government.

The level of council tax and any increase is approved by Council annually.

For the purpose of this MTFS the council tax levels going forward have been detailed in the table below:

Average Band B Property	2015/16	2016/17	2017/18	2018/19	2019/20
Increase in prior year	**0%**	**£5**	**£5**	**£5**	**£5**
Hinckley & Bosworth Council	£95.96	£100.25	£104.54	£108.83	£113.12
Special Expenses	£16.13	£16.84	£17.55	£18.26	£18.97
Borough Wide	£112.09	£117.09	£122.09	£127.09	£132.09

Based on the assumptions in the MTFS, the council tax increase of £5 will bring in an additional £0.75m between 2016/17 to 2019/20.

4.2 Business Rates

The Collection of Business Rates is now going through a second change in the basis of collection, with Local Authorities retained all the revenue collected, subject to some safety net redistribution requirements. Before 1st April 2013, business rates were collected by local authorities from businesses, before being paid into a central pool to be redistributed as part of grant funding. This system meant that local authorities did not have any financial incentive to promote business growth in their area, as they did not receive any of the business rates receipts from new development.

The Local Government Resource Review removed this centralised scheme and instead introduced a system of business rates retention from 2013/14. From 2016/17 to 2019/20 there will be a move towards 100% of business rates being retained, but details on the allocation (between District and Counties in the two-tier area) and redistribution (to enable low-growth areas to have a degree of protection - called 'damping') have yet to be announced.

Under the current arrangements billing authorities are paid over 50% of collected business rates to the DCLG to be returned as Revenue Support Grant (RSG). The remaining 50% is split between the billing authority (80%) and the precepting authorities (20%). The new scheme will see the phasing out of the RSG grant. This is hoped to give extra incentive to

Local Authorities to encourage development in their area and increase business rate income.

Under the current system following these payments, the retained business rates of billing authorities is subject to a tariff. Any growth in business rates over a set baseline is subject to a “levy” payment of 50%, with the remaining half retained by the host council. Correspondingly, if a Council loses 7.5% of their set threshold, a “safety net” payment will be triggered to compensate for the loss.

The new proposals have yet to be agreed and the mechanism for a new “safety net” arrangement is yet to be confirmed.

Baselines for each council are detailed in the annual Local Government Settlement. When the initiative was first announced, it was intended that this level would be up rated by the retail price index (currently around 3%) each year. However in 2014/2015 this uplift was capped at 2% and councils were compensated for this loss in income through a general grant allocation (£24,570 for this Council).

The purpose of the changes to date and the proposed changes going forward is to ensure that growth is retained at a local level and therefore there is an incentive for local Councils to promote business growth. That said, the government has also looked to encourage businesses back into town centres through the introduction of reliefs for retail premises and extension of small business rate relief.

For this Council, the baseline funding level has been set at £2,378,358 for 2016/2017 (estimate for 2017/2018 is £2,478,817), 2.5% growth has been budgeted for 2017/18 in the Strategy.. As with the remainder of the sector, the uncertainty around appeal outcomes means that any forecasts continue to be speculative. As at the time of writing this report, the Council had £1,2m of appeals provided for in reserves as a provision outstanding. Of this amount £29,700 is likely to be settled before 31st March 2016

The NNDR reforms also allowed local authorities to form pools for the purposes of business rate retention. Practically, pooling means that any levy payments (50% of growth) are made into a local pool rather then paid to central government. Correspondingly, losses will be funded from the pool.

Under pooling, levy and safety net thresholds are then set at the pool level (i.e. the total of all individual thresholds). The Leicestershire business rates pool which was formed in 2013/2014 and the future of any such pool will continue to be monitored and considered over the period of this Strategy to see how proposed changes impact on these arrangements.

In addition to “standard” business rates collected, the creation of the Enterprise Zone at MIRA Technology Park will also generate business rates uplifts estimated at over £14million for the first ten years of operation. In order to stimulate such growth, these uplifts are not subject to business rate retention rules. The Council is currently in negotiation with the Leicester and Leicester Local Enterprise Partnership (LLEP) to identify what element of this uplift will be retained by the Council directly. In order to be prudent, this income has not been included in this version of the Strategy.

4.3 Capital Schemes

The Council's capital investment plans are outlined annually in the Capital Programme (the "Programme") which is approved at the same time as the revenue budget. The Capital Programme for 2015/2016 – 2018/2019 forecasts spend of £21,988,754 and is concentrated around the achievement of three capital projects detailed as follows:

2015/16	2016/17	2017/18	2018/19	Total
£	£	£	£	£
17,791,620	2,774,260	748,850	794,024	**22,108,754**

4.3.1 The Crescent (£4.5 million)

The last MTFS noted this scheme involves redevelopment of the town centre bus station site, including a new supermarket, bus station, 560 space car park, new shops, family restaurants and cinema. The Sainsbury's, Cineworld and Elbow Room Ale House are now open and progress is being made with the other developments. The Shopping area is almost fully let and will earn rentals for the council.

On completion of the development, blocks A, B and D will be sold by Tin Hat Partnership on the open market. Tin Hat Partnership will have priority over the first £5,000,000 of development profit with the balance split 80:20 (THP:HBBC). This receipt (currently estimated at £1,200,000) will be used by the Council to partly fund the Leisure Centre project. The development agreement contains a "long stop" date for this sale of five years following completion.

4.3.2 Hinckley Leisure Centre (£15 million)

The current Leisure Centre building on Coventry Road was opened in 1975 and will be at the end of its design life by the end of 2015. Council approved the decision in November 2012 to proceed with the procurement of a Partner (or Partners) to develop a new Leisure Centre and deliver the ongoing management of the Centre. Having considered all of the alternatives, Council agreed to relocate the Leisure Centre to the former Council Offices location on Argents Mead.

The preferred bidder for the New Leisure Centre was approved by Council on 21st January 2014. The approved bid was for a high specification centre which includes:

25 metre, 8 lane swimming pool and learner pool
8 court sports hall
Larger Learner Pool with moveable floor
Separate splash/water familiarisation and fun zone in pool hall
Glazed Group Cycling studio

Health Suite (Sauna and steam rooms)

Construction work commenced in October 2014. The current leisure centre on Coventry Road in Hinckley will remain open until the new facility opens. The position as at January 2016 is:

- The project remains on programme and is within the project budget set by Council
- Opening remains on schedule for early May 2016
- Pre Membership sales have commenced

The approved scheme which will be a significant income stream to the Council has an estimated capital cost of £13.55million which will be expended and financed as follows:

	Total Cost	**Estimate 2015/16**	**Estimate 2016/17**
	£	**£**	**£**
Expenditure	**11,830,600**	**11,132,480**	**698,120**
Financed by			
Leisure Centre Reserve	947,370	947,370	
Capital Receipts (depot site)	2,050,000	2,050,000	
Leisure Centre Temporary Financing	3,235,835	3,235,835	
Leisure Centre Borrowing	5,597,395	4,899,275	698,120
	11,830,600	**11,132,480**	**698,120**

4.3.3 Regional Growth Funding (£17.761 million + £1.713 million Pinchpoint)

During 2012/2013, the Secretary for State for Business Innovation and Skills (BIS) confirmed that Hinckley and Bosworth Borough Council would receive £19,474,000 in Regional Growth Funding (RGF) to support the development of the MIRA Enterprise Zone and wider economy.

This has subsequently been reduced to £17.761million following allocation of £1.713million of “Pinchpoint” funding for the scheme directly to the Highways agency. The funding has been spent in conjunction with MIRA, the Highways Agency and Highways Authorities to provide enhanced highway capacity on the A5 around the zone and other sustainable transport initiatives. In addition, elements of the funding have been provided to fund the relocation of a substation on the current site and also to support sustainable transport links for the zone.

The capital works associated with this project commenced in 2014/2015. Expenditure was incurred in the main by the Council with some elements being passported to MIRA and Highways Agency to fund the works. In all cases the expenditure is funded by the RGF monies and therefore the scheme has not net impact on the capital financing requirement of the Council. The work was completed in 2015/16 with only some minor works left to complete

4.3.4 Additional schemes

In addition to these major schemes, the Council is also progressing with the Business Case for its Development Company.

This Business Case sets out how the Council, utilising a wholly-owned company vehicle, will seek to establish a key role in delivering new housing that will meet the needs of the district going forward whilst making sound financial investments which will support the provision of council-services going forward. The objectives in setting up a Company are as follows:

- To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy.
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district.
- To set standards for good housing design in the local housing market, helping to protect the character of the district.
- To generate general fund income for the Council through returns from Private Rented Sector ("PRS") housing and sales receipts from market housing sales and affordable homes.
- To develop commercial properties to rent at market rents.
- To set standards for good commercial design in the industrial and retail sector.

The Council will earn a return to the General Fund from the Company from three sources :

- A margin earned on services performed for the Company (set at between 10-17% of the cost of those services).
- A margin on debt interest charged to the Company in excess of the Council's cost of those funds.
- A return on equity invested (through dividends), which reflects profits back to the Council from the Company's operation of the following activities - market sales from housing development, market rental from housing development and market rental from housing acquired.

The analysis of business plans for the company and the requirements of the council still have to be analysed for reasonableness and realistic timings of cash flows. From the time of agreement to houses being built would take time. Any projection at this point would therefore be purely speculative and has not been included in this MTFS.

4.3.5 Economic Context

Economic conditions in the UK have improved overall. However, uncertainty remains about global growth prospects and in particular the performance of the Eurozone.
The Summer Budget 2015 indicated that the UK economic recovery is now well established and growth is broadly based across sectors. However, there is a renewed focus on rebalancing the economy based on investment across the regions, growth driven by the private sector and further devolution to increase local decision making.
The UK was the fastest growing G7 economy in 2014 growing by 3.0%, its best performance since 2006. The Organisation for Economic Co-operation and Development (OECD) forecasts the UK to be the fastest growing G7 economy again in 2015. The OBR forecasts GDP growth of 2.4% in 2015 and 2.3% in 2016. Growth is revised up in 2017 and 2018 from 2.3% to 2.4% in both years and is unchanged in 2019 at 2.4%.
The UK labour market performance continues to be strong. In the 3 months to April the employment level and rate were both around record levels at 31.1 million and 73.4% respectively. The recent growth in employment predominantly reflects increases in full-time employment and those employed in high and medium-skills occupations. Over the past year, 85% of the increase in employment has been in full-time work and 92% has been in high or medium-skilled jobs. The OBR forecasts employment to be 31.2 million in 2015, rising each year to 32.1 million in 2020.

Policy Context

The new Government's growth strategy focuses on raising productivity and lifting living standards over the course of the parliament through a series of actions centred on encouraging long-term investment and promoting a dynamic economy. Specific measures aim to deliver: a highly-skilled workforce; a modern transport system; world-class digital infrastructure; and high quality science and innovation. It has also introduced measures to secure greater planning freedoms and more homes to buy, whilst there is a renewed emphasis on promoting flexible and fair markets and an open and competitive economy.

A key focus of the Government remains eliminating the budget deficit and running a surplus by the end of the parliament. Consequently, in the summer 2015 Budget the Chancellor announced that he will make savings of £34 billion in public expenditure over this parliament.

The previous Coalition Government of 2010-2015 established the 'Plan for Growth' in 2011 which set out a broad programme of reforms designed to remove barriers to growth, in particular by promoting investment in infrastructure and science and technology, alongside measures to promote greater business investment. Key actions to stimulate local growth included: bringing resources under the strategic influence of business-led Local Enterprise Partnerships (LEPs); the establishment of 24 Enterprise Zones, to which a further 18 have recently been added (the MIRA Technology Park in Hinckley and Bosworth was one of those originally designated); the agreement of a number of City Deals; and the allocation of £2.85 billion through the Regional Growth Fund (RGF) to support local business growth across England.

Following the Heseltine Review, £2 billion was earmarked for the Local Growth Fund (LGF) in 2015/16. LGF is expected to be worth at least £2 billion for every year of this parliament.

The new Government is committed to increased devolution. Local authorities are currently being rewarded with increased powers and budgets for establishing collaborative working arrangements - a number of Devolution Deals have recently been agreed. This builds on the previous Coalition Government's localism agenda which, through the Local Democracy, Economic Development and Construction Act 2009, encourages the creation of new statutory joint authorities such as Combined Authorities or Economic Prosperity Boards.

Sub-national and Local Policy

At the sub-national and local level, the strategic economic development of the Cross-Border Partnership comprising Hinckley and Bosworth Borough Council, Nuneaton and Bedworth Borough Council and North Warwickshire and Hinckley College is supported in particular by the priorities of the Leicester and Leicestershire Local Enterprise Partnership (LLEP) and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP), which are set out in their Strategic Economic Plans (SEPs). To date LLEP has been awarded £100.3 million and CWLEP £89.4 million in LGF funding. Both LEPs are focusing on a range of priority sectors including advanced manufacturing. Each has also developed a European Structural Investment Funds (ESIF) strategy, which are aligned with the SEPs. The total indicative ESIF allocation for LLEP is €125.7 million and for CWLEP it is €135.5 million.

The two LEPs have identified target growth sectors as summarised in the table below:

LLEP and CWLEP target sectors	
LLEP	**CWLEP**
• low carbon • food and drink manufacturing • creative industries • textile manufacturing • logistics and distribution • profession and financial services • tourism and hospitality • advanced manufacturing and engineering	• intelligent mobility • energy sector • advanced manufacturing • low carbon vehicles • digital and creative industries

The three Cross-Border authorities are each members of the Coventry, Warwickshire and South West Leicestershire Shadow Economic Prosperity Board. In addition, the A5 corridor passes through Hinckley and Bosworth, North Warwickshire and Nuneaton and Bedworth. Therefore the Strategy for the A5 (2011-2026) also forms a key element of the strategic context for the Cross-Border Partnership area.

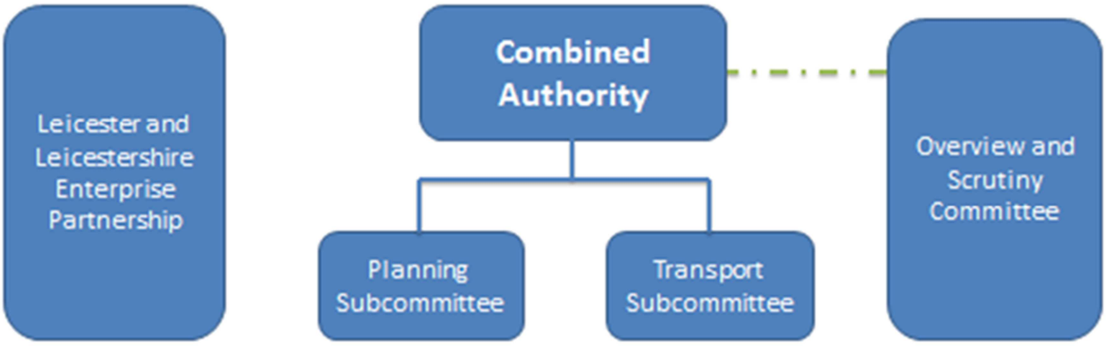
There will also be opportunities arising from our membership of the Leicester and Leicestershire Combined Authority. The powers of the Combined Authority will enable the following:

- Planning: councils working together to agree a clearer, long-term framework to meet future housing and employment needs for the whole area and identify future growth locations.

- Transport: focussing on long-term investment in road, rail and other public transport infrastructure.

- Skills: setting the strategic direction for making improvements in skills and training, to give local people the chance to get better qualifications and employment.

The governance model for the Combined Authority is set out below:



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

- The use of capital resources will result in a corresponding reduction in investment income.
- Any borrowing will incur interest payments and minimum revenue provision which is charged as a "cost" to the Councils revenue budget
- The creation of new assets will require running costs that will have to be funded from revenue sources.

As outlined in the table below, the strategy has considered the capital financing impact on the revenue budget, for the capital programme:

	2015/16	2016/17	2017/18
	£	£	£
Forecast - Current Capital Programme			
Net interest	191,000	219,276	32,449
MRP	8,000	242,268	11,766
Total capital charge	199,000	461,544	44,215

4.3.6 New Homes Bonus

	2016/17	2017/18	2018/19	2019/20

	Forecast	Forecast	Forecast	Forecast
	£	£	£	£
New Homes Bonus	2,910,378	3,135,722	2,522,221	2,124,272

Under the consultation there is also an option being proposed to have an interim position in 2017/18 based on a 5 year basis of funding. This may be introduced based on the result of the consultation. If this was the outcome, the funding in 2017/18 would be reduced by £361,500, with a corresponding reduction in the Special Purpose Reserve to ensure the Council remained within it 10% minimum balance policy.

No detail has been offered yet on how the split between county and district councils in two-tier areas might operate - it is currently 80% District and 20% County.

Reponses to Government proposals are required by the 10 March 2016; therefore, the final position is unknown until after those responses have been considered and a final decision made by Central Government.

4.4 Welfare Reform

4.4.1 Local Council Tax Support

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

From a financing point of view, the introduction of the Local Council Tax Support Scheme (LCTS) had the result of reducing the council tax base for the Council, as income is only received for a proportion of those properties previously in receipt of Council Tax Benefit. The council tax base for this Council for 2013/14 was impacted by -3,532.7 band D equivalents and Council Tax of £318,617 as a result of the introduction of an 8.5% capped scheme. For 2014/2015, this Council agreed to increase this cap to 12%, meaning that individuals were, and will continue to be required to pay 3.5% more then in the previous year.

This Strategy currently assumes a 12% cap for all years. However, this will be subject to ongoing discussions and a county-wide review is scheduled to take place during 2016/17.

4.4.2 Universal Credit

Universal Credit is aimed at simplifying the benefits system by bringing together a range of working-age benefits into a single streamlined payment. It is designed to promote digital and financial inclusion and smooth the transition between welfare and work. The total level of annual funding will be determined with reference to the estimate of total service cost. DWP is working with local authorities and local authority associations to estimate the cost of local support services. Councils will be expected to continue to provide welfare advice and support, housing advice and solutions to their residents from existing funding arrangements.

This Strategy will be updated for any impact when clarification is received. The timelines for the roll out of Universal Credit have changed significantly, with estimated full roll out not to be complete before early 2021.

4.5 Salary Costs

As a local authority, salary costs are the single largest item of expenditure for this council and budgeted for at £9.14million in 2016/2017. In light of this, it is essential that salary costs are effectively scrutinised in the MTFS to ensure that the workforce is efficient and fit for purpose.

One way in which efficiencies are achieved in salary costs is through the use of a vacancy factor percentage that is applied to salary costs. In 2016/2017 a factor of 5% has been used. A vacancy factor continues to be budgeted for in this Strategy at this rate, with a 1% pay rise. This does not include potential pressures from increments due to spinal point increases due to performance reviews.

The other significant change in the payroll budget is the increase in the employer’s contributions for pension payments to the Local Government Pension Fund (managed by Leicestershire County Council), to pay the pension liabilities of current and previous employees.

This rate is made up of a contribution to meet the cost of the pensions benefits that employees accrue in the current year and also an adjustment to deal with any deficit or surplus that there may be on the Pension Fund resulting from the accrual of benefits in previous years. The contribution rates are determined by the Fund’s Actuary, who values the Fund every three years to assess its solvency level i.e. the ability of the fund to meet all future liabilities.

The pension assumptions included in this Strategy have been confirmed by the fund’s actuary following the valuation as at 31st March 2015 (The next valuation will be during 2016. This valuation reflected £22.5million increase in the total liability of the scheme since the previous review and, therefore, contributions have increased to cover this deficit. The communicated rates also reflect outcomes of the Hutton report and the introduction of career average related earnings scheme (CARE) from 1st April 2014.

4.6 Efficiency Plan

As part of the settlement, the council is required to develop and deliver an Efficiency Plan, if it wishes to benefit from the stability of a four year ‘deal’ with government, to protect the RSG projections set out earlier.

For the purposes of this MTFS, the assumptions set out below have been used, with further detail being provided to the Council by October 2016:

	2017/18	2018/19
	£	£
Savings	**175k**	**Additional 75k**

4.7 Income Levels

A significant proportion of the council's expenditure is financed from income from fees and charges. The forecast for the total income from fees and charges in 2016/2017 is around £5 million. A number of these income streams are extremely volatile and depend on external factors such as take up, demand and local economic conditions. On this basis, it is important that this Strategy forecasts varying levels income to consider the financial impact of fluctuations that may occur. The more significant and sensitive changes in income levels are set out below.

4.7.1 Planning Fees

Planning income refers to the charges the Council receives for planning application and building control fees. Income received can fluctuate significantly depending on the state of the market and the level of development that is taking place, so are problematic to accurately forecast.

The future trend of this income source is difficult to predict as it is linked to the economic outlook and future developments. What is known, however, is that no developments similar to those seen in the last few financial years are forecast for the period of this Strategy and therefore such "windfalls" cannot be reliably forecast. In addition to income received for planning fees, the council has seen significant costs for appeals against decisions taken by Planning Committee; a situation which could become significantly worse, if the government introduces measures in the New Homes Bonus consultation in respect of developments approved on appeal, as opposed to those approved initially by the Council

Legal fees associated with appeals have seen significant fluctuations from one year to the next. In order to prudently budget for future costs, appeal costs have also been considered in this Strategy, with £100,000 budgeted for in 2016/17, reducing to £50,000 in the following two years.

The projections for Development Control and Building Control have been set at 2% growth on the 2016/17 budget, but this is subject to fluctuations and may not be achieved.

Development Services Income Assumptions

	2016/17	2017/18	2018/19
	£	£	£
Building control	25k	3k	4k
Development control	150k	16k	17k

4.7.2 Car Parking Income

Another major source of income for the Council is Car Parking Charges. The Council operates 15 pay and display car parks in Hinckley and one in Market Bosworth, along with several other car parks which are free / permit holders only across the Borough.

For 2015/16 pay and display income was budgeted at £410,000 and season tickets at £45,000. To support the vitality of the town centre, the Council also supports joint initiatives with the Hinckley BID, such as free parking after 3pm in December and also reduced short stay charges from April 2013 to support local businesses.

Going forwards the level of income received from parking will be affected by the development in the town centre. The MTFS assumes loss of income if shoppers shift to the free parking at the Crescent. The negative impact on pay and display income of similar developments at other authorities has been in excess of 40%. It will also be necessary to redesignate some car parks from long stay to short stay and vice versa during 2016, to meet the parking requirements for the new Leisure centre and to adjust to changing demand for parking following the Crescent opening. Changes in demand for car parking will be closely monitored during 2016.

Car Parking Income

	2015/16	2016/17	2017/18	2018/19	2019/20
Season ticket income	£45,000	£15,000	£15,000	£15,000	£15,000
Pay and display	£410,000	£398,990	£406,970	£415,109	£423,411
Contributions from outside I	£25,000	£25,000	£25,000	£25,000	£25,000
total	**£480,000**	**£438,990**	**£446,970**	**£455,109**	**£463,411**

4.7.3 Refuse and Recycling Income

The Council has a statutory duty to collect domestic waste (Environmental Protection Act 1990), and to make a separate dry recycling collection since January 2015 (EU Waste Directive framework). The collection of garden waste is a discretionary service and an annual charge of £24 per garden waste bin will be introduced in April 2016. A fortnightly collection is made from each property for domestic waste, dry recycling and (where residents subscribe) garden waste. The collections of domestic waste (black bin) and garden waste (brown bin) service are provided by the Councils “in house” service. Dry recycling collections are carried out by a contractor until November 2018.

The disposal of domestic waste is the responsibility of Leicestershire County Council as the “Waste Disposal Authority” which provides tipping facilities and meets all disposal costs and arrangements for domestic waste and garden waste. Disposal costs for dry recycling are included within the collection contract.

The main income streams for the refuse and recycling service are as follows:

- Recycling credits from Leicestershire County Council
- Collection of bulky waste items from residential premises

- Collection and disposal of trade waste
- Garden waste collections
- Sales of plastic and glass
- Purchase of new bins by new occupiers of properties.

The level of income from these streams has been forecast in the table below. The forecasts for all years are predicted to be consistent. However, the worst case is impacted by factors such as fall in demand due to increased pricing on trade waste and brown bins and a decrease in price per tonne for paper and card (currently £50).

The operation of this service will be impacted significantly by cuts from the County Council as referenced elsewhere. Equally, additional expenditure will be required to service properties in the new SUE areas. The revenue cost of this is forecast in 2018/2019 at £20,000.

Waste Management Income

	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£
Waste Management Income	678,500	793,450	813,575	327,388	331,876

There is a significant impact in 2018/29 as all dry recycling credits will be removed from 1 April 2018. This has been forecast as a £470,000 reduction. LCC will be consulting with districts on how to implement this change and a clear position will be known by September 2016.

The introduction of a green waste charge at £24 will generate the following income and costs:

	2016/2017	2017/2018	2018/2019	2019/20
	£	£	£	£
Income	465,754	465,754	465,754	465,754
Cost	203,603	70,555	70,555	70,555
Net	**262,151**	**395,199**	**395,199**	**395,199**

4.7.4 Rental Income

As a Commercial Landlord, the council generates significant income annually from Rent from its Commercial Portfolio. The council currently owns and manages 67 industrial starter units in the Borough, which are leased to small/medium enterprises, as well as 22 units on the Greenfield Business Park and 5 retail properties.

The Council has now completed its acquisition of Block C on the new Crescent Development. This has added a further 10 properties to the authority's portfolio and includes the Cineworld premises and 9 retail / restaurant units.

Rental income is also received from 19 plots of industrial land which are leased by the council to businesses on a long-term basis. As well as industrial estates, the council's own premises also generate rental income from tenants and hire of facilities for functions and meetings. The Atkins Building, which opened in 2012, offers support to creative industries and start-up businesses by offering managed office space. The Hinckley Hub generates income from Public Sector partners (LCC & DWP) that significantly offsets the cost of the lease as well as many non-cashable service benefits from co-location and collaboration

The Council's rental income streams, whilst valuable, are sensitive to the state of local businesses and the wider economic climate. The changes in Business Rates retention in 2013/2014 place an added pressure on the Council to attract and retain tenants in the Borough in order to ensure that Business Rate levels are also maintained.

On the basis of the above, this strategy includes prudent assumptions on future rental streams and has assumed relatively constant levels of income based on current utilisation in the Hub (87%) and 95% occupancy of other units. That said, if utilisation of the Hub increases to 95% and other units to 97%, income levels could increase by £221,000 over the figures below for the period of the Strategy.

The MTFS forecasts the following rental income:

	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Industrial Units	£656,220	£701,683	£712,268	£715,702
Misc. Properties	£68,000	£69,000	£70,000	£71,000
Atkins	£223,400	£225,000	£225,500	£226,000
Block C inc Cineword	£70,019	£374,941	£524,013	£524,013
Hub	£157,061	£157,640	£158,224	£161,773*
Total	£1,170,499	£1,437,449	£1,690,005	£1,698,488

*LCC has Yr 5 Upwards Only, Market Rent Review. The forecast assumes that the Rent will track RPI at c. 1%pa.

The Borough Council owns, and is responsible for, the management of the existing Leisure Centre on Coventry Road, Hinckley. People for Places for People Leisure were successful in securing the provide management of this facility as part of the interim contract which runs from for 1 year from 1st April 2015 until service availability of the new leisure centre.

This contract runs in parallel to that of the 25 year contract we have with them to design, build, operate and maintain the new leisure centre being built on Argents Mead in Hinckley.

Service availability of the new building is likely on schedule to be spring May 2016. The existing centre will remain open until the new centre is available, for business continuity to staff and customers.

The Authority, as landlord, will continue to be responsible for the asset management infrastructure and plant of the existing Leisure Centre on Coventry Road. The monitoring of the contract is the responsibility of Cultural Services who ensure compliance. This includes programming of centre activities, co-ordinating the Health Referral Scheme, measuring customer satisfaction, performance and Health and Safety. Great emphasis is placed on customer satisfaction, performance, sports development and achieving a balanced programme for the whole community to benefit from.

The Council's investment into the new Leisure Centre is a capital outlay, details of which are provided in section 4.3.2. That said, the Council will also be in receipt of management fees from the Leisure provider (Places for People Ltd) which essentially represents a profit share from operations.

The total management fee that will be received by the Council over the life of the contract is £18.01million.This amount will be reduced by the cost of servicing borrowing for the scheme. Following award of the contract, the Council has negotiated with the provider a profile of these payments which ensure that the Council is not required to subsidise the provision of the service during construction. The agreed management fees (both before and after financing) for the first five years of the contract are detailed below and have been included in this Strategy. It should be noted that these income streams are written into the contract with the provider and are, therefore, guaranteed.

	2016/2017	2017/2018	2018/2019	2019/20
Leisure Centre Income*	40,000+	376,421^	907,547	1,015,747

+ one year interim contract

^ contract amount £408,367 contract will commence in May 2016 hence prorate 11 months, plus 1 month interim contract payment £2,085

*The gross income before financing has been included as any borrowing costs will have been reflected in the capital financing calculations included elsewhere in the Strategy.

4.8 Local Development Scheme

A Local Development Scheme is a project plan for the development of each local planning authority's (LPA) Local Plan in accordance with the requirements of the Planning and Compulsory Purchase Act 2004.

At present, the Local Plan for the Council comprises four documents:

- Core Strategy (2009)
- Hinckley Town Centre Area Action Plan (2011)
- Earl Shilton and Barwell Area Action Plan (2014)
- Site Allocations and Development Management Policies Document (Currently at Examination, December 2015)

The Local Development Scheme also contains a timetable for the production of a full review of the Hinckley and Bosworth Local Plan to begin in 2015 with a projected date for adoption of 2018. In addition, a number of Supplementary Planning Documents are also programmed to production over the period from 2015-17.

In order to fund the costs of this work, a dedicated reserve has been set up and this Strategy contains forecasts for both the cost of the documents identified in the Local Development Scheme and the relevant transfers to and from the reserve to fund this expenditure.

4.9 Neighbourhood Development Plans

In addition to the Local Plan, Hinckley and Bosworth Borough Council also assists appropriate bodies with the production of Neighbourhood Development Plans. These are community-led planning documents which are written by, consulted on and funded by Parish Councils or designated Neighbourhood Forums.

There are currently five neighbourhood Plans at various stages of production within Hinckley and Bosworth, namely:

- Market Bosworth (adopted September 2015)
- Burbage (in production)
- Desford (in production)
- Sheepy (in production)
- West Clarendon, Hinckley (in production)

Although the Borough Council is not ultimately responsible for the production or timetable of these documents, we do have a statutory duty to support. As the documents progress, the Borough Council is also responsible for funding an independent examination of the document and facilitating a referendum on whether the document should be ‘made’. The Government provides funding for Local Authorities to finance these statutory requirements at the following stages of a plan’s production:

- Neighbourhood Area Designation - £5,000 (with an additional £5,000 for the designation of a Neighbourhood Forum)
- Upon Submission of the Plan to the Local Authority - £5,000
- Upon successful completion of an Independent Examination - £20,000 (with an additional £10,000 if the plan is a designated ‘business area’

4.10 Funds and Reserves

Funds and Reserves are maintained by the council to support spending on specific projects or services, with the General Fund being utilised for any imbalance within the council’s ‘day to day’ budgets.

The level of Funds and Reserves held by Hinckley and Bosworth Borough Council determines how much is available to support future pressures and budget requirement and thus in return assists in reducing the demand on council tax.

The Chief Financial Officer (Deputy Chief Executive, Corporate Direction) has a legal duty to carry out a review, and report on, the level of the reserves and balances of the Authority. The Council has the following policies:-

- Maintain general balances at a minimum 10% of Hinckley and Bosworth Borough Council's budget requirement over the term of the MTFS.
- All actual service underspends be transferred to general fund balances and not earmarked reserves. Where there is a specific critical need for an earmarked reserve a report will be prepared for Council approval by the Chief Financial Officer.
- As budgets are tightened the need for adequate levels of Funds and Reserves becomes more critical as a contingency for investment in services. The holding of sufficient funds is also important strategically to provide a medium term cushion against unusual circumstances. Appendix II illustrates the current level of Funds and Reserves that have been established to fund specific known expenditure pressures and to provide a cushion against tight settlements over the CSR15 period. As part of the annual budget setting process, Members will consider and approve a policy on the level and nature of reserves and balances that it needs and the minimum and maximum levels within which they will operate.
- Based on the projections contained within the Strategy, the Council is forecasting to hold significant balances in reserves over the period of the MTFS, the most significant of these being earmarked as follows:
- Hub Future Rental Management Reserve increased to £850,000 to minimise the risk of future movement in rental indices which may impact the Council's expenditure on the new Hinckley Hub.
- Business Rates Pooling reserve has been increased to maintain a reserve to manage any decreases in rates to the "safety net" threshold set in the finance settlement.
- The Special Purpose Reserve increased to £536,000 to cover efficiency projects and invest to save schemes to enhance and improve communities, whilst maintaining existing services

5.0 STRATEGIC FINANCIAL OBJECTIVES

The following strategic financial objectives serve to deliver the Council's corporate strategic objectives of; "delivering the Council's Medium Term Financial Strategy 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 and to maintain council tax within the bottom quartile".

The preceding chapters provide information on the national, regional and local factors that must be taken account of when developing the Council's financial plans. These in turn provide the basis of key financial objectives that are integral to these financial plans. Each of these objectives is detailed below together with an explanation of why it is relevant and how it is to be achieved.

Objective 1
The Council should allocate resources to services in line with the Corporate Aims and Ambitions

One of the key aims of the MTFS is that resources are directed towards the corporate priorities of the Council. The MTFS outlines where resources are allocated in accordance with Council priorities. Targeted resource allocation is going to be particularly important during this recessionary period so that the Council can ensure that it continues to deliver high levels of priority services. Also, through the Performance Management Framework, services will continue to be measured and monitored against their service improvement plan objectives. The annual budget review process will continue to critically analyse service outcomes and budgets, identify efficiency savings and ensure that resources are allocated in line with Corporate Aims and Ambitions.

Objective 2
Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework

Budgets are monitored against actual spend on a monthly basis and fed into the quarterly performance management cycle. Service managers are required to take a short and medium term view of their service and if necessary bid for the appropriate level of funding during the year. Similarly, service managers are required to identify and “offer up” savings during the year. All underspends are reviewed by the Strategic Leadership Board and resources are reallocated or allocated to areas of priority service improvement.

Value for Money will be achieved through the performance management process that has now become embedded into the organisation. Service Managers have become more aware of their financial and operational responsibilities under the performance management culture and the links between financial and service planning are more apparent.

Objective 3
The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds

Services need to continually review the availability of external resources that may help in delivering services without total reliance on Council resources. Over recent years, the Planning Delivery Grant, Leicestershire Economic Partnership (LLEP), Regional Growth Funding and English Heritage Funding are good examples of external service improvements/enhancements.

The Council does not pursue funding for funding’s sake; any external resources are directed towards services that the Council would hope to provide in priority areas, whether funding was available or not. It is important that when service managers are securing external funding, they include the funding in service plans and clearly identify the availability, the outputs required, the revenue as well as capital implications and an exit strategy when the funding is no longer available.

Whilst all known grant funding is included in the estimates each year, if the Council were to over-estimate any grant funding to be received from Government then it may be necessary to reduce service budgets and thus service levels. It is therefore important that estimates are set prudently.

Objective 4

To review the scale of fees and charges at least annually

During preparation of the budget each year, the balance between who pays for local services: the user or the taxpayer, needs to be reviewed. Through the MTFS and fundamental budget review, service managers review fees and charges within their service areas at least annually and agree any changes with the relevant Executive Member. If approved by Council, any changes in income are taken into account when planning over the medium term.

As well as annual reviews, service managers will need to identify new sources of finance wherever possible.

Objective 5
To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise

It is important that the Council continues to review its assets through its Acquisitions and Disposals policy and that clear links are established between this policy and the Capital Strategy (part of the Asset Management Policy), the Capital Programme and the MTFS.

The Acquisitions and Disposals policy identifies those assets that are not fully utilised or are surplus to requirements. These will be reviewed on a regular basis and reported through the Joint Boards and the Asset Management Strategy Group, Executive and Council for decisions to be made as appropriate.

Objective 6
Capital expenditure is properly appraised

The Council seeks to ensure that capital investment proposals are appraised in a structured and consistent manner so as to ascertain whether the plans are affordable, prudent and sustainable and that they contribute to the delivery of the Council's overall aims and objectives. This will include an evaluation of "whole-life" costing. Projects are appraised in this way in order that resource requirements, practical external funding and shortfalls can be identified as soon as possible.

Objective 7
When funding the Capital Programme, all funding options are considered

When considering the Capital Programme, all funding options will be considered e.g. external or LLEP funding, borrowing, capital receipts, Funds and Reserves.

Capital Receipts (money received from the sale of the Council's assets) in line with Government policy can only be used to resource the Capital Programme. Therefore, by using capital receipts ahead of Funds and Reserves, the flexibility is maintained for Funds and Reserves to be used to support either Revenue or Capital expenditure. However, if borrowing under the Prudential Code were considered a more favoured option, this would be utilised before capital receipts.

Objective 8
To review levels and purpose of Reserves and Balances

In line with the principle of good financial management, the Council should review the level and purpose of its Funds and Reserves to make sure they continue to be "fit for purpose". The levels of Funds and Reserves held will continually be reviewed and will be formally reported to Council under Section 25 of the Local Government Act 2003.

At present, the Council reviews the levels and purpose of Funds and Reserves during the Corporate Planning Framework, Closure of Accounts in early summer, the Medium Term Financial Strategy and the Budget Setting process.

The objective is to continue to maintain earmarked reserves at appropriate levels for the purpose for which they have been earmarked. This will achieve a financial position whereby non-earmarked balances are only utilised either as a contingency to meet unforeseen in-year expenditure and/or accommodate any shortfalls in planned income over which the Council has no control.

Objective 9
To maintain sustainable Council Tax increases

It is relevant for this council to have sustainable council tax increases as Hinckley and Bosworth is a District Council with one of the lowest council tax levels in the country at average Band D. Historically, the Council recently had council tax increases at the going levels of inflation and more recently relevant Government Grants. This MTFS assumes the maximum of £5 increase per year (Band D).

Objective 10
To increase efficiency savings and generate funding through shared services and collaborative working

The Council will continue to explore ways of doing things differently through shared services and collaborative working in order to deliver increased levels of efficiency savings and/or income.

The Council will continue to work with other agencies such as the LLEP and Combined Authorities (once these have been established and the governance has been agreed) to secure funding for continued regeneration of the Borough.

6. RISK MANAGEMENT

In line with the Council's 2015 Risk Management Framework potential risks to the MTFS are identified alongside the probability of their occurrence, the impact they would have and ways to avoid them. Risk management is not a one off activity and is embedded at strategic and tactical levels, with recognition that failure to implement and embed effective risk management practices would disrupt operations and potentially have a financial and reputational impact on the Council as a whole.

This is particularly true with respect to large and therefore high-risk projects currently being undertaken by the Council and events which have the potential to have a substantial and prolonged impact on the Council's finances, for example the development of the leisure centre.

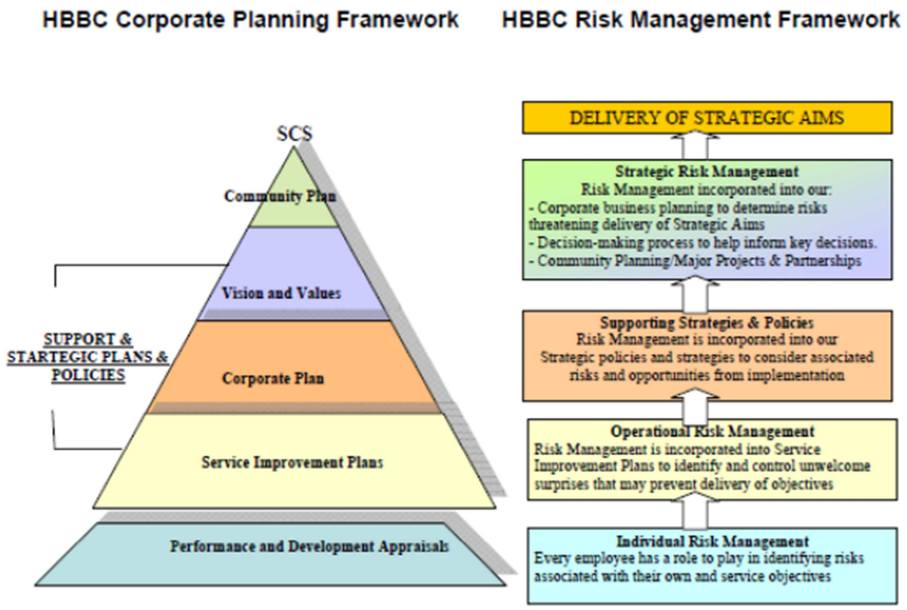
The primary risk of this Medium Term Financial Strategy is that it is forecast based on assumptions and, as such, there is a risk that these assumptions may prove to be unfounded or incorrect. There are also further risks that either cannot be fully predicted or lie outside the control of the Council (e.g. movements in interest rates).

The Risk Management Strategy is reviewed annually to ensure it represents current best practice. The Council considers financial planning, performance and risk in unison to provide comprehensive management information. At a strategic level, the Medium Term Financial Strategy is managed in association with the Corporate Risk Register by the Strategic Leadership Board and Corporate Operations Board.

Embedding the Risk Management Process

Risk Management at Hinckley and Bosworth Borough Council is integrated and managed as part of the Corporate Planning and Performance Frameworks. The following diagram provides an overview of how risk management is incorporated into all business activities in the context of the Corporate Planning Framework to help inform and ensure delivery of the Council's strategies and processes.

The Council manages Performance, Finance and Risk together via dedicated quarterly Performance meetings of the Strategic Leadership Board and Corporate Operations Board.



Appendix 1

MEDIUM TERM FINANCIAL STRATEGY						
2015/16 - 2019/20						
FINANCIAL FORECAST						
	2015/2016	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**2019/20**
	Budget	**LA Budget Oct 15**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
	£	**£**	**£**	**£**	**£**	**£**
Net Service Expenditure	**9,741,435**	**9,858,933**	**9,755,473**	**9,950,689**	**9,782,193**	**9,809,627**
Budget movements						
Additional legal costs and overpayments recovered	**-23,000**					
Fuel Savings	**15,000**		**-36,000**			
Channel Shift savings	**-20,000**			**-31,901**	**-18,713**	**-19,202**
Pressure on Homelessness Bonds	**-15,000**	**-26,000**				
Fluctuations in subsidy income	**-43,000**		**69,650**			
Discretionary Housing Payments				**25,000**		
Telephone rebate	**-7,000**					
Increase in legal fees	**-38,000**					
Spend to save reviews - R&B	**-48,000**					
Legal locum support	**-20,000**					
Middlefield Lane Parking Right	**-10,000**					

Building Control			-7,000	-3,989	-4,069	
Development control income	-18,870	-110,000	-150,000	-16,387	-16,714	
Asset Management	-10,000	36,000	108,970			
Service charges HUB			23,350			
Hub savings (VCS) income			-12,330	-35,000		
Additional salary savings		81,000				
Neighbourhood action underspend as the setup costs		-15,000	25,000			
Neighbourhood planning - no expenses expected			-25,000			
Severn Trent - extra charges		23,000				
Corporate Project support			24,000			
S106 Maintenance			16,110			
Council Tax referendum costs						
Economic Development - consultancy fees			-48,000			
Support service savings				-25,000	-25,000	-25,000
Computer support			-50,000			
Corp Mgt - VAT on greenfields			-119,000			
Additional income -Council and Private Tenants			-30,000			
Development Control income	260,000					
Recycling savings and additional income	87,000					
Efficiency savings from refuse collection and street cleansing	57,500		-49,000			
Printing and postage savings	16,080		15,101			
Revenue Contribution to Capital	-24,500	-20,000				

Car parks		-25,100	66,412	-7,980	-8,139	-9,102
Rental income fluctuations	-10,000					
Small Business Rates Relief	-104,117					
Local Plan		-132,000	10,000			
Local Development Framework expenditure	-112,000					
Additional Recycling Contract costs	100,000		298,890			
Corporate Restructure				-175,000	-75,000	
Finance restructure and agency wages		14,000				
Private Sector leasing			-35,040			
Private Sector housing		-26,000				
overtime and agency wages - savings			-18,000			
Rev and Bens - Restructure			-40,621			
Approved Supplementary Budgets						
Admin support grant changes			14,000	10,000	10,000	10,000
Unapplied grants and contributions C/F		301,352				
Dry Recycling contract council		200,257			470,000	
Wholly owed Company		100,000				
Defending planning appeals	-76,780	125,000	30,000	-50,000		
use of reserves Carry forwards		18,299				

Elections and related costs		**70,398**	**-86,910**			
Increase in salary budget - increase in chief officer salary		**10,712**				
Audit Fees	**-57,090**	**15,210**				
Planning staffing pressures		**55,725**				
Car parks						
Agency and contractor costs		**54,163**				
Empty Homes Review		**17,067**				
Additional Internet Bank Charges		**12,000**	**12,000**			
Increased cost of land charges and EIR services Blaby District Council		**16,042**	**27,500**			
Savings in respect of shared arrangement with District Council Network for Chief Executive		**-34,178**	**-11,250**			
approved finance restructure		**15,410**				
Redcution in grant income			**121,910**			
HB determination grant changes			**61,190**			
Movement in Special Expenses budget		**-23,000**				
Contributions to Revenues and Benefits Partnership	**-53,700**	**-111,000**	**-23,310**			
Revenues and Benefits Partnership Redundancy Costs	**82,719**					
Reduction in Market Income	**15,000**	**31,000**	**22,010**			
Shared Archeology and Geology Service	**12,000**					
Members allowances	**34,120**	**-19,000**	**-20,120**			
New Homes Bonus to Parishes	**-343,711**					

LCTS support paid to parishes			**-143,000**			
Green and Dry Waste Cuts	**345,792**					
Trade waste and recycling		**-165,000**	**-154,000**			
Introduction of charges for new/replacement bins	**-53,000**		**35,000**			
Introduction of charging for green waste £24			**-262,151**	**-133,048**		
Pre Application Advice Domestic	**-16,500**					
NNDR Reductions for car parks	**-12,000**					
Utility savings			**-19,332**			
Children and Young People grant funding reduction	**15,000**					
County Council Cuts	**100,000**					
Enforcement costs for Mallory Park	**-60,000**					
Contribution to Cov and Warks City Deals	**-16,290**					
Restructure costs	**125,600**		**30,200**	**40,000**		
Rentals on industrial units			**-45,000**			
Block C Rentals	**-92,000**		**-351,779**	**-119,833**	**-26,201**	
Leisure Centre income	**-40,323**		**-336,421**	**-71,946**	**-499,180**	**-108,200**
Cost of election	**58,150**	**-35,000**				
loss of income insurance element			**20,000**			
Cost of Combined Authority			**20,000**			
Plannning Site allocation savings from previious year			**-129,000**			
Expected additional contribution to reserves	**104,117**	**-630,000**				
Other small movements (less then £10k)	**33,268**	**71,183**	**3,594**			

Pay cost increases (all elements, NI, Pensions and increments)	**154,800**		**459,000**	**192,400**	**194,324**	**196,267**
Inflationary increases	**159,527**		**-104,208**	**111,744**	**112,861**	**113,990**
Inflationary increases Fees and Charges	**-166,372**		**132,780**	**-67,856**	**-68,534**	**-69,220**
LCC Pension Lump Sum			**79,156**			
Ill health Insurance			**-23,620**			
Car allowances			**11,034**			
C/F						
Capital Financing	**-112,982**		**424,101**	**172,000**	**-8,000**	**20,000**
Additional interest payable/(receivable)	**-53,940**		**157,239**	**18,300**	**-10,200**	**-10,200**
Tin Hat investment ended 2015/16			**174,041**			
ICT contract additional (£20k) savings			**-22,930**			
Additional Town Centre Events			**6,000**			
Additonal VCS support			**50,000**			
NET Borough Budget Requirement	**9,858,933**	**9,755,473**	**9,950,689**	**9,782,193**	**9,809,627**	**9,908,960**
Pension adjustments	**-126,100**	**-126,100**	**-392,740**	**-392,740**	**-392,740**	**-392,740**
Contribution to Reserves	**667,000**	**1,352,000**	**667,000**	**768,000**	**768,000**	**768,000**
Transfer to SPR (Or other reserve)			**535,534**			
Contribution from Reserves	**-890,951**	**-1,163,507**	**-393,440**	**-328,940**	**-328,940**	**-328,940**
Transfer from unapplied grants		**-301,352**	**-2,915**			
Additional contributions to/from reserves						

Contribution to/(from) Balances	**159,456**	**151,824**	**-115,933**	**474,276**	**-119,101**	**-526,528**
NET BUDGET/FORECAST EXPENDITURE	**9,668,339**	**9,668,339**	**10,248,194**	**10,302,790**	**9,736,847**	**9,428,753**
% Increase in Net Budget Forecast/Expenditure	**-0.65%**		**10.87%**	**15.41%**	**15.09%**	**10.00%**
10% minimum balances			**1,024,819**	**1,030,279**	**973,685**	**942,875**
General Fund (Balances)	**1,237,456**	**1,229,824**	**1,113,891**	**1,588,167**	**1,469,066**	**942,539**
	2015/2016	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**2019/20**
	Budget	**LA Budget**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
	£	**£**	**£**	**£**	**£**	**£**
	9,668,339	**9,668,339**	**10,248,194**	**10,302,790**	**9,736,847**	**9,428,753**
Revenue Support Grant	**1,120,574**	**1,120,574**	**1,257,386**	**753,927**	**437,461**	**83,975**
Council Tax Support Grant	**544,764**	**544,764**				
National Non Domestic Rates	**2,294,404**	**2,294,404**	**2,378,358**	**2,478,817**	**2,602,758**	**2,797,965**
Freeze Grant	**230,746**	**230,746**				
New Homes Bonus	**1,974,742**	**1,974,742**	**2,910,378**	**3,135,722**	**2,522,221**	**2,124,272**
Collection Fund Surplus	**86,971**	**86,971**	**53,112**	**53,112**	**53,112**	**53,112**
Council Tax Income	**3,416,138**	**3,416,138**	**3,648,960**	**3,881,212**	**4,121,295**	**4,369,428**
Estimated Tax base	**35,599.60**	**35,599.60**	**36,398.60**	**37,126.60**	**37,869.10**	**38,626.50**
Estimated Band D Council Tax	**£95.96**	**£95.96**	**£100.25**	**£104.54**	**£108.83**	**£113.12**
Year on Year Increase in Council Tax						

(i) Amount	**£0.00**	**£95.96**	**£4.29**	**£4.29**	**£4.29**	**£4.29**
('ii) Percentage	**0.00%**	**0.00%**	**4.47%**	**4.28%**	**4.10%**	**3.94%**
SPECIAL EXPENSES						
Net Budget Requirement B/Fwd	**560,064**	**560,064**	**574,221**	**612,952**	**651,571**	**691,489**
New Homes Bonus	**127,343**	**127,343**				
Contribution to car parking income						
Inflationary increase	**17,878**	**17,878**	**25,843**	**26,360**	**26,887**	**27,425**
Revenue impact of salaries previously capitalised						
Wykin Community Centre						
Voluntary grants contribution						
Minor variances	**-30,881**	**-30,881**	**16,478**	**15,849**	**16,621**	**17,420**
Contribution to/(from) Reserves	**-100,183**	**-100,183**	**-3,590**	**-3,590**	**-3,590**	**-3,590**
Contribution to/(from) Balances	**0**		**0**			
Net Budget Requirement	**574,221**	**574,221**	**612,952**	**651,571**	**691,489**	**732,744**
NET BUDGET/FORECAST EXPENDITURE-Special Expenses	**574,221**	**574,221**	**612,952**	**651,571**	**691,489**	**732,744**
Estimated Taxbase	**35,599.60**	**35,599.60**	**36,398.60**	**37,126.60**	**37,869.10**	**38,626.50**
Special Expenses Council Tax	**16.13**	**16.13**	**16.84**	**17.55**	**18.26**	**18.97**
Year on year increase in Special Expenses Council Tax						
(I) Amount	**0.00**	**0.00**	**0.71**	**0.71**	**0.71**	**0.71**
(ii) Percentage	**0.00%**	**0.00%**	**4.40%**	**4.22%**	**8.43%**	**8.09%**

Total Net Budget Requirement	**10,242,560**	**10,242,560**	**10,861,146**	**10,954,360**	**10,428,336**	**10,161,497**
% increase in Total Net Budget Requirement	**-0.48%**	**-0.48%**	**6.04%**	**0.86%**	**-3.98%**	**-7.24%**
Taxbase	**35,599.60**	**35,599.60**	**36,398.60**	**37,126.60**	**37,869.10**	**38,626.50**
Council Wide Council Tax	**£112.09**	**£112.09**	**£117.09**	**£122.09**	**£127.09**	**£132.09**
Percentage Increase	**0.00%**	**0.00%**	**4.46%**	**4.27%**	**8.54%**	**8.19%**

Appendix 2

MFTS Reserves Forecast

	Closing Balance 31st March 2015	Forecast Balance 31st March 2016	Forecast Balance 31st March 2017	Forecast Balance 31st March 2018	Forecast Balance 31st March 2019	Forecast Balance 31st March 2020
	£	£	£	£	£	£
Car Parking Income Reserve	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Market Income Reserve	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Commutation & Feasibility Reserve	(26,774)	(26,774)	(26,774)	(26,774)	(26,774)	(26,774)
Benefits Reserve	(141,268)	(58,549)	(58,549)	(58,549)	(58,549)	(58,549)
Hub Future Rental Management Reserve			(100,000)	(350,000)	(600,000)	(850,000)
Special Expenses Reserve	(300,700)	(181,939)	(157,369)	(157,369)	(157,369)	(157,369)
Dev Control Capacity Reserve						
Local Plan Procedure	(523,317)	(621,018)	(548,518)	(382,518)	(216,518)	(50,518)
Business Rates Pooling	(170,270)	(807,270)	(914,270)	(1,021,270)	(1,128,270)	(1,235,270)
Historic Buildings Loan Fund						
Relocation Reserve	(101,132)	(101,132)	(101,132)	(101,132)	(101,132)	(101,132)
Modern.E Gov Reserve						
Greenfields Reserve						
Community Safety						
Leisure	(697,370)					
Year End Carry Forwards	(100,128)					
Troubled Families						
Maint Fund - Green Towers	(5,000)	(10,000)	(15,000)	(15,000)	(15,000)	(15,000)
Building Control Reserve						
Land Charges Reserve						
Pensions Contribution	(161,411)	(161,411)	(161,411)	(161,411)	(161,411)	(161,411)

ICT Reserve	**(212,500)**	**(137,660)**	**(172,660)**	**(216,660)**	**(200,660)**	**(259,660)**
Waste Management Reserve	**(642,510)**	**(41,871)**	**(9,891)**	**(6,201)**	**(49,201)**	**(124,201)**
Project Management/Master Plan Reserve	**(1,626,387)**	**(838,034)**	**(188,034)**	**(188,034)**	**(188,034)**	**(188,034)**
Shared Services Reserve						
Grounds Maintenance H&S Reserve						
Planning Delivery Grant Reserve	**(50,603)**	**(39,663)**	**(28,723)**	**(17,783)**	**(6,843)**	**4,097**
Flexible Working Reserve						
New Performance Improvement Reserve						
Housing Energy Cert Training Reserve						
Finance Capacity Fund Reserve						
Workforce Strategy Reserve	**(13,000)**	**(13,000)**	**(13,000)**	**(13,000)**	**(13,000)**	**(13,000)**
Election Reserve	**(112,000)**	**(57,000)**	**(82,000)**	**(107,000)**	**(132,000)**	**(157,000)**
Grounds Maintenance	**(58,295)**	**(83,295)**	**(108,295)**	**(208,295)**	**(208,295)**	**(208,295)**
Transformation	**(106,620)**	**(68,620)**	**(68,620)**	**(68,620)**	**(168,620)**	**(268,620)**
Appeals	**(172,500)**	**(202,500)**	**(172,500)**	**(172,500)**	**(172,500)**	**(172,500)**
Enforcement	**(93,710)**	**(113,710)**	**(113,710)**	**(113,710)**	**(113,710)**	**(113,710)**
Planning Capacity	**(83,000)**	**(83,000)**	**(83,000)**	**(83,000)**	**(83,000)**	**(83,000)**
City Deals						
Service Priority Reserve			**(535,534)**	**(535,534)**	**(535,534)**	**(535,534)**
Total	**(5,438,494)**	**(3,686,445)**	**(3,698,989)**	**(4,044,359)**	**(4,376,419)**	**(4,815,479)**