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**To: All Members of the Borough Council**

You are requested to attend the meeting of the Charnwood Borough Council to be held in The Preston Room, Woodgate Chambers, Woodgate, Loughborough on Monday, 25th February 2019 at 6.30 pm for the following business.

Chief Executive

Southfields  
Loughborough

15th February 2019

## **AGENDA**

1. APOLOGIES
2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

Section 106 of the Local Government Finance Act 1992 requires that a Councillor who owes arrears of Council Tax which have been outstanding for more than two months must declare this at any Council meeting which considers the setting of a budget and the Council Tax, and that they should not vote on those matters. Failing to comply with those requirements if they apply is an offence. If this applies to any Councillors at this meeting, they are therefore advised to make the required declaration and to leave the meeting during consideration of item 6.1.

It is a requirement of the Council's Code of Conduct for Members that the existence and nature of all personal interests must be disclosed. Therefore, in the case of item 6.1 on the agenda, 2019/20 Special Expenses and General Fund and HRA Revenue Budgets, it is suggested that members of precepting authorities

declare such interests. (For example, this would relate to members of Leicestershire County Council, the Combined Fire Authority and Parish and Town Councils).

3. MINUTES OF THE PREVIOUS MEETING 7 - 20

To confirm the minutes of the Council meeting held on 21st January 2019.

4. ANNOUNCEMENTS

4.1. MAYOR'S ANNOUNCEMENTS

To receive announcements from the Mayor (if any).

4.2. LEADER'S ANNOUNCEMENTS

To consider significant, recent matters affecting the Council or the Borough (if any).

4.3. CHIEF EXECUTIVE'S ANNOUNCEMENTS

To receive announcements from the Chief Executive (if any).

5. PETITIONS

To allow councillors to formally submit petitions for consideration under the Council's petition scheme, as set out in Full Council Procedure 9.8.

6. BUSINESS RESERVED TO COUNCIL

To consider the following matters reserved to Council in accordance with Section 5 of the Constitution:

6.1. 2019/20 SPECIAL EXPENSES AND GENERAL FUND AND HRA REVENUE BUDGETS 21 - 42

A report of the Cabinet, setting out the proposed General Fund and HRA Revenue Budgets for 2019/20 along with the proposed Council Tax Levy, and the 2019/20 proposals to increase rent and service charges within the ring-fenced Housing Revenue Account, is attached.

The full Council Tax Recommendations, which the Council must consider in order to set a Council Tax Levy and General Fund and HRA Revenue Budgets for 2019/20, will be circulated once the major preceptors have confirmed their precepts.

- 6.2. CAPITAL STRATEGY (INCLUDING TREASURY MANAGEMENT STRATEGY) FOR 2019/20 43 - 94
- A report of the Cabinet, setting out the Capital Strategy, newly required under the Prudential Code, and the Treasury Management Strategy Statement together with the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2019/20 for consideration and approval, is attached.
- 6.3. COUNCIL TAX - AMENDMENTS TO EMPTY HOMES PREMIUM AND EXEMPTIONS 95 - 116
- A report of the Cabinet, setting out amendments to the Empty Homes Premium and to relief offered on properties which are unoccupied, unfurnished and uninhabitable, and the introduction of a Care Leavers Policy to offer Council Tax Relief for consideration and approval, is attached.
- 6.4. PAY POLICY STATEMENT 2019/20 117 - 141
- A report of the Personnel Committee, recommending that the Pay Policy Statement for 2019/20 be approved and adopted, is attached.
- 6.5. NEW SCRUTINY COMMITTEE STRUCTURE 142 - 176
- A report of the Scrutiny Management Board, setting out recommendations for a new scrutiny committee structure, is attached.
- 6.6. NOMINATION OF MAYOR ELECT FOR 2019/20
- To receive nominations for Mayor Elect for 2019/20 (subject to nomination and appointment at Annual Council, scheduled for 20th May 2019).
- 6.7. NOMINATION OF DEPUTY MAYOR ELECT FOR 2019/20
- To receive nominations for Deputy Mayor Elect for 2019/20 (subject to nomination and appointment at Annual Council, scheduled for 20th May 2019).

7. CALL-IN REFERENCES

There are no references to Council following the call-in of a Cabinet decision under Scrutiny Committee Procedure 11.7.

8. POSITION STATEMENTS

No requests for position statements were received.

9. MOTIONS ON NOTICE

No motions on notice have been received.

10. QUESTIONS ON NOTICE

To deal with the following questions on notice, submitted under Full Council Procedure 9.9(a):

10.1. STAFF REDUNDANCIES AND VACANCIES

Question submitted by Councillor Draycott.

10.2. LEISURE CENTRE PARKING CHARGES

Question submitted by Councillor Bradshaw.

10.3. HOUSES IN MULTIPLE OCCUPATION CONSULTATION

Question submitted by Councillor Parton.

10.4. LOUGHBOROUGH TOWN CENTRE

Question submitted by Councillor Parton.

10.5. PREPAREDNESS FOR LEAVING THE EUROPEAN UNION

Question submitted by Councillor Hamilton.

10.6. EMPTY HOMES

Question submitted by Councillor Rattray.

11. MINUTE REFERENCES

There are no minute references.

12. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN 177 - 181

A report of the Chief Executive, informing the Council of an urgent decision that were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9, is attached.

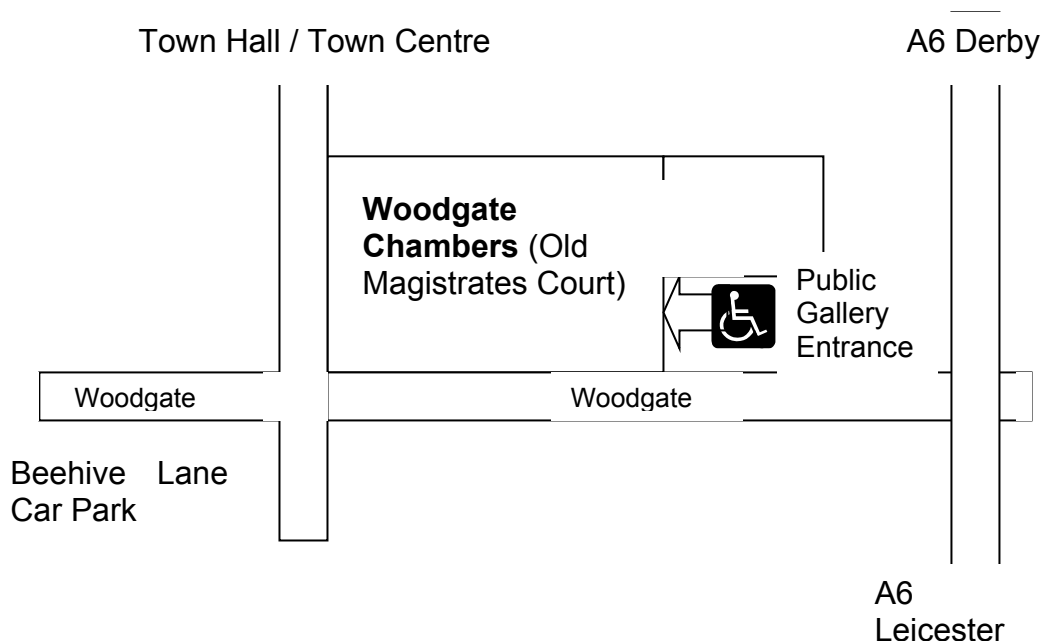
13. APPOINTMENTS TO COMMITTEES

To consider any changes to Committee membership for the current Council year (2018/19) (if any).



## WHERE TO FIND WOODGATE CHAMBERS AND PUBLIC ACCESS

Woodgate Chambers  
70 Woodgate  
Loughborough  
Leics  
LE11 2TZ



## INFORMATION FOR ATTENDING THE MEETING



Please turn your mobile phone on to silent during the meeting.



Toilet facilities are available for members of the public at the back of the Public Gallery. Toilet facilities are available for members attending the meeting on the opposite side of the Foyer.



Please note that smoking is not permitted by law within the building and is also not permitted outside the building anywhere on the site. Please observe notices which request no smoking around the entrances.

### **Forthcoming scheduled meetings of Council**

<b>Council Meeting Date</b>	<b>Deadline Date and Time for Councillors to submit Questions on Notice (under Full Council Procedure 9.9(a)), Requests for Position Statements (under Full Council Procedure 9.10) and Motions on Notice (under Full Council Procedure 9.11(a))</b>
Monday, 25th March 2019	Friday, 15th March 2019 at noon
Monday, 20th March 2019	Annual Council (no questions/position statements/motions)

Councillors, please send your question, request for position statement or motion on notice to:

Karen Widdowson, Democratic Services Manager  
Council Offices, Southfield Road, Loughborough, LE11 2TX  
Email: [democracy@charnwood.gov.uk](mailto:democracy@charnwood.gov.uk)

**CHARNWOOD BOROUGH COUNCIL**

**MEETING OF THE CHARNWOOD BOROUGH COUNCIL  
HELD IN  
THE PRESTON ROOM, WOODGATE CHAMBERS, WOODGATE,  
LOUGHBOROUGH  
ON 21ST JANUARY 2019**

**PRESENT**

The Mayor (Councillor C. Harris)  
The Deputy Mayor (Councillor Seaton)

Councillor Baines  
Councillor Barkley  
Councillor Bebbington  
Councillor Bentley  
Councillor Bokor  
Councillor Bradshaw  
Councillor Brookes  
Councillor Campsall  
Councillor Capleton  
Councillor Cooper  
Councillor Draycott  
Councillor Fryer  
Councillor Gerrard  
Councillor Hadji-Nikolaou  
Councillor Hamilton  
Councillor Hampson  
Councillor Harper-Davies  
Councillor K. Harris  
Councillor Hayes  
Councillor Huddleston  
Councillor Hunt  
Councillor Jukes

Councillor Lowe  
Councillor Mercer  
Councillor Miah  
Councillor Morgan  
Councillor Murphy  
Councillor Pacey  
Councillor Page  
Councillor Paling  
Councillor Parton  
Councillor Poland  
Councillor Radford  
Councillor Ranson  
Councillor Rattray  
Councillor Rollings  
Councillor Savage  
Councillor Shepherd  
Councillor Smidowicz  
Councillor Smith  
Councillor Snartt  
Councillor Tassell  
Councillor Taylor  
Councillor Tillotson

Honorary Aldermen Shields and Tormey

**56. OPENING THOUGHTS AND REFLECTIONS**

The Mayor opened the meeting and welcomed Councillor Paul Baines to his first Council meeting following his election for the Anstey ward on 20th December 2018.

The Mayor wished all members of the Council a happy, healthy and prosperous year and reflected on the theme of new dawns and hopes. She concluded by reading the poem “‘Hope’ is the thing with feathers’ by Emily Dickinson.

The Mayor then went on to state that the meeting was being recorded and the sound recording would be made available on the Council’s website. In addition, under the

Openness of Local Government Bodies Regulations people may film, record, tweet or blog the meeting and that was outside the Council's control.

57. APOLOGIES

Apologies for absence had been received from Councillors Forrest, Gaskell, Grimley, Hachem, Parsons and Vardy and Honorary Alderman Stott.

58. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

The following disclosures of pecuniary and personal interests were made:

- (i) by Councillors Fryer and Miah – personal interests in item 6.1 (Medium Term Financial Strategy 2019-2022) as members of Leicestershire County Council.

59. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of Council held on 5th November 2018 were confirmed as a correct record and signed.

60. ANNOUNCEMENTS

60.1 MAYOR'S ANNOUNCEMENTS

The Mayor made the following announcements.

“Councillors will be aware of the recent death of Mrs Maureen Pacey. I think that it is fitting to record again the Council's thanks for the service she provided as Mayoress of this Borough.”

The Mayor also invited Councillors to attend the Holocaust Memorial Day event that would be taking place at Queen's Park in Loughborough on Sunday, 27th January 2019.

60.2 LEADER'S ANNOUNCEMENTS

There were no Leader's announcements.

60.3 CHIEF EXECUTIVE'S ANNOUNCEMENTS

The Chief Executive made no announcements.

61. PETITIONS

No petitions were submitted.

## 62. BUSINESS RESERVED TO COUNCIL

### 62.1 MEDIUM TERM FINANCIAL STRATEGY 2019-2022

A report of the Cabinet, enabling the Council to consider a Medium Term Financial Strategy for 2019-2022, was submitted (item 6.1 on the agenda filed with these minutes).

Councillor Hampson joined the meeting at 6.40pm.

It was proposed by Councillor Barkley, seconded by Councillor Fryer and

**RESOLVED** that the Medium Term Financial Strategy 2019-2022, as appended to the report to the Cabinet (attached as an Annex), be approved.

#### Reason

To identify the financial issues affecting the Council and the Borough in the medium term in order to provide a base for priorities to be set and to inform the Council's budget-setting process.

### 62.2 TREASURY MANAGEMENT UPDATE - MID-YEAR REVIEW FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2018

A report of the Cabinet, enabling the Council to consider the mid-year review of the Treasury Management Strategy and Annual Investment Strategy, plus the various Prudential Borrowing and Treasury Indicators for the first six months of 2018/19, was submitted (item 6.2 on the agenda filed with these minutes).

It was proposed by Councillor Barkley, seconded by Councillor Gerrard and

**RESOLVED** that the mid-year review of the Treasury Management Strategy Statement, Prudential Borrowing and Treasury Indicators plus the Annual Investment Strategy as shown in Part B of the report to the Cabinet (attached as an Annex) be noted.

#### Reason

To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the Revised CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement, that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.

### 62.3 CAPITAL PLAN AMENDMENT REPORT

A report of the Cabinet, seeking approval for changes to the 2018/19 to 2020/21 Capital Plan and its financing, was submitted (item 6.3 on the agenda filed with these minutes).

It was proposed by Councillor Barkley, seconded by Councillor Taylor and

#### **RESOLVED**

1. that the Acquisition of Affordable Housing to meet Housing Need HRA scheme be increased by the sum of £477,000, be added to the Capital Plan in 2020/21 and that it proceeds;
2. that slippage of the Loughborough University Science and Enterprise Park budget of £350,000 from 2018/19 to 2019/20 be approved.

#### Reasons

1. To confirm that the Acquisition of Affordable Housing to meet Housing Need HRA scheme should be increased to the sum of £477,000, and that the cost be funded 30% from retained 141 capital receipts and 70% from HRA reserves.
2. To enable the scheme budget to be available in 2020/21.

### 62.4 REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS - OUTCOME

A report of the Chief Executive, presenting the outcomes of the required review of polling districts, polling places and polling stations within the Borough, was submitted (item 6.4 on the agenda filed with these minutes).

It was proposed by Councillor Poland and seconded by Councillor Ranson:

1. that the proposals of the Chief Executive as set out in the Annex to the report of the Chief Executive, which are put forward in his capacity as the (Acting) Returning Officer for parliamentary elections, for future arrangements for polling districts, polling places and polling stations be approved;
2. that delegated authority be given to the Chief Executive to make suitable alternative arrangements for polling stations in the following cases where details have yet to be finalised, as detailed in the Annex:
  - Polling District CD – Birstall Wanlip No.2 (Birstall Wanlip ward)
  - New Polling District of Hamilton Lea (Queniborough ward)
  - New Polling District of Mountsorrel No.3 (Rothley & Thurstaston ward)

- Polling District R – Loughborough Shelthorpe No.1 (Loughborough Shelthorpe ward).

The following issues were raised during the debate:

- (i) by Councillor Radford – whether information provided to voters could make clear that Iveshead School used to be called Hind Leys School;
- (ii) by Councillor Radford – clarification of the position of voters currently in Shepshed parish and the Shepshed East ward that would be in the Stonebow parish at the forthcoming elections and how that information had been communicated;
- (iii) by Councillor Draycott – whether the lighting formerly used at the previous Cobden School polling station could be used at the new polling station to be located at the pre-school.

Councillor Poland stated that written responses would be provided in respect of those issues.

## **RESOLVED**

1. that the proposals of the Chief Executive as set out in the Annex to the report of the Chief Executive, which are put forward in his capacity as the (Acting) Returning Officer for parliamentary elections, for future arrangements for polling districts, polling places and polling stations be approved;
2. that delegated authority be given to the Chief Executive to make suitable alternative arrangements for polling stations in the following cases where details have yet to be finalised, as detailed in the Annex:
  - Polling District CD – Birstall Wanlip No.2 (Birstall Wanlip ward)
  - New Polling District of Hamilton Lea (Queniborough ward)
  - New Polling District of Mountsorrel No.3 (Rothley & Thurcaston ward)
  - Polling District R – Loughborough Shelthorpe No.1 (Loughborough Shelthorpe ward).

## Reasons

1. To comply with requirements of the Electoral Registration and Administration Act 2013, and to ensure that any amended arrangements for polling districts, polling places and polling stations are in place in time for the Borough elections on 2nd May 2019.
2. To allow suitable arrangements for polling stations to be made should it not prove possible to implement the relevant indicative proposals set out in the Annex.

NOTE: Details of the written responses referred to above can be found in the appendix to these minutes.

## 62.5 AUTHORISATION OF ABSENCE - COUNCILLOR DAVID GASKELL

A report of the Chief Executive, enabling the Council to consider authorising Councillor David Gaskell's absence from meetings in accordance with section 85(1) of the Local Government Act 1972, was submitted (item 6.5 on the agenda filed with these minutes).

It was proposed by Councillor Morgan, seconded by Councillor Poland and

**RESOLVED** that Councillor David Gaskell's absence from meetings since the Licensing Committee meeting on 7th August 2018 be authorised due to his ill health.

### Reason

To enable Councillor Gaskell's absence to be authorised by the Council prior to the end of the six-month period since he was last able to attend a meeting as required by section 85(1) of the Local Government Act 1972.

## 62.6 POLITICAL BALANCE AND APPOINTMENTS TO COMMITTEES FOR 2018/19

A report of the Chief Executive, enabling the Council to consider the political balance of the applicable Council committees for 2018/19, appointments to committees in accordance with the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 and other appointments as required, was submitted (item 6.6 on the agenda filed with these minutes).

It was proposed by Councillor Morgan, seconded by Councillor Poland and

### **RESOLVED**

1. that the revised political balance arrangements for the Council year 2018/19, as set out in Appendix 1 to the report of the Chief Executive, be approved in accordance with the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990;
2. that the following appointments be made to fill vacancies on the Council's committees:
  - Councillor Miah – as a member of the Licensing Committee
  - Councillor Ranson – as a member of the Licensing Committee
  - Councillor Baines – as a member of the Overview Scrutiny Group.



## Reasons

1. To ensure that the composition of the Council's committees reflects the political balance of the Council.
2. To reflect the wishes of political groups in making appointments to applicable committees in accordance with the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 and to fill vacancies on other committees.

### 63. CALL-IN REFERENCES

There were no call-in references from Scrutiny.

### 64. POSITION STATEMENTS

No position statements had been requested.

### 65. MOTIONS ON NOTICE

No motions on notice had been submitted.

### 66. QUESTIONS ON NOTICE

The questions on notice and the responses of the Leader or his nominee were submitted (item 10 on the agenda filed with these minutes).

#### 66.1 FIVE YEAR HOUSING LAND SUPPLY

Councillor Snartt stated that he was disappointed with the answer that had been provided. He stated that the answer did not fit with the findings and recommendations of the recent scrutiny panel on the five-year housing land supply that had been submitted to the Cabinet. It had been agreed that the five-year housing land supply would become a key performance indicator that would be monitored by the Performance Scrutiny Panel. It was unclear from the limited information provided in the answer how that could be achieved. Nor did the information provide clarity or certainty regarding whether the Council would be able to demonstrate a five-year housing land supply when the calculations were done at the end of March 2019. This was of concern because in the past not being able to demonstrate a five-year housing land supply had led to unplanned, piecemeal development in the Borough's villages. Councillor Snartt also noted that no dwellings had yet been built in the sustainable urban extensions set out in the Core Strategy. He requested that the matter be looked at again and a further response provided that supported the findings of the scrutiny panel.

Councillor Morgan stated that the Cabinet decision, in response to the scrutiny panel's recommendations, was to include the five-year housing land supply as

a key performance indicator and as such progress would be reported quarterly to the Performance Scrutiny Panel.

#### 66.2 ALTERNATIVE MEANS OF ASSISTING BEGGARS AND ROUGH SLEEPERS

Councillor Parton referred to national statistics relating to deaths of rough sleepers. In Charnwood there were a number of agencies that helped rough sleepers but he queried what individuals could do. There were schemes that enabled people to donate via text message to support agencies that worked with rough sleepers and saved lives. Councillor Parton stated that he wished to see the Council adopt such a scheme.

Councillor Mercer stated that it was an idea that the Council would look at. The Council already did a huge amount to address the problem of rough sleeping. He stated that the beggars in Loughborough town centre tended not be rough sleepers and the rough sleepers tended not to be beggars. The recent annual survey identified three rough sleepers none of whom came from Charnwood but all of whom had been assisted. Councillor Mercer stated that he was keen to encourage people to donate to charities that helped the homeless rather than encourage begging in Loughborough.

#### 66.3 PRIORITY NEIGHBOURHOOD AREAS IN CHARNWOOD

Councillor Parton stated that many people living in the four priority neighbourhoods identified by the Council needed extra help and there were 24 projects that were managed, financed or supported by the Council in those areas that were providing that help. He encouraged councillors to find ways in which they could support those projects.

Councillor Taylor thanked Councillor Parton for his question and the staff involved in delivering projects in priority neighbourhoods. Councillor Taylor also referred to the Falcon Centre in Loughborough benefitting from money raised through the Charnwood Community Lottery.

#### 66.4 PEOPLE ZONES

Councillor Draycott thanked the Lead Member for the response but stated that since the People Zone had been set up, along with two others elsewhere in Leicestershire, no actions had been carried out. That contrasted with the situation at the other People Zones where projects were taking place. She asked the Lead Member to look at the action taking place at the other two People Zones and why it was taking longer to reach that point for the Bell Foundry Estate.

Councillor Taylor stated that the lead agency for the People Zones was the Police and Crime Commissioner and the Council was playing a supporting role. Councillor Taylor refuted the statement that no action had taken place and referred to the new CCTV camera that had been installed and the work that had been done to establish the People and Place meetings. She also stated that the three People Zones were very different. A significant amount of work had

already been undertaken in the Bell Foundry Estate and the People Zone would develop that through bringing partners together.

#### 66.5 FOOD SAFETY INSPECTIONS

Councillor Draycott thanked the Lead Member for her response. The recent prosecution of a food business had highlighted serious concerns at that premises. Councillor Draycott stated that she had heard residents express surprise at how long it had taken for the business to be closed down. It appeared that the business had been closed by the owners rather than being forced to close by the Council. Councillor Draycott asked why the Council had not acted sooner and used its powers to close the business when there were such serious safety concerns.

Councillor Smidowicz stated the business had been given opportunities to improve and that she would confirm whether the Council had closed the business rather than the owner. As there had been no improvements in this case the business had been prosecuted by the Council. The Council took the issue very seriously and inspections undertaken at food premises were very thorough. The Council preferred to work with businesses so that they could improve standards.

NOTE: Details of the written response referred to above can be found in the appendix to these minutes.

#### 66.6 PROVISION OF AFFORDABLE AND SOCIAL HOUSING

Councillor K. Harris welcomed the fact that the provision of affordable homes was above the target set out in the Core Strategy and stated that he hoped that this trend would continue, including when houses were built in the sustainable urban extension west of Loughborough. He stated that the purchase of houses on the open market only had a marginal impact and any houses purchased in that way would be subject to the Right to Buy. Councillor K. Harris asked whether there were other options that could be pursued, such as modular housing or the purchase of unused buildings and converting them to dwellings, to ease the number of people on the housing register.

Councillor Morgan thanked Councillor Harris for his question and stated that recent reports that it had received illustrated that the Cabinet was exploring additional ways to support social housing provision in the Borough. The Government had raised the cap on borrowing within the Housing Revenue Account and that also provided an opportunity to do more which would be explored. It was important to be flexible as the Council building houses was not the only solution.

#### 66.7 CHIEF EXECUTIVE'S PERFORMANCE AND DEVELOPMENT REVIEWS

Councillor Hayes thanked the Leader for the response and noted that a performance review meeting with the Chief Executive had recently taken place. He expressed surprise that records for previous years were not available. He

referred to comments he had made at a previous Council meeting, and concerns that had been expressed about them, and apologised if his bluntness had caused offence. He stated that the Council was facing a number of challenges and that it was important that there was accountability.

Councillor Morgan stated that he would speak to Councillor Hayes regarding his concerns.

#### 66.8 LOUGHBOROUGH TOWN CENTRE

Councillor Hamilton thanked the Lead Member for her response but stated that it was disturbing to see the number of shops in Loughborough town centre that had closed. He stated that there were a number of good initiatives and that he was pleased that the Council would be making a bid to the Future High Streets Fund. However there were opportunities to do more and learn from other councils, for example an empty shops register, making empty shops available on a temporary basis for community uses and free Wi-Fi. The Council should be open to those and other new ideas.

Councillor Bokor thanked Councillor Hamilton for his question and referred to the comprehensive list of initiatives that had been set out in the published answer. Some shop closures were as a result of problems with national chains. The Council was willing to look at other initiatives and invited Councillor Hamilton to provide her with further details of those he had mentioned and she would review them and respond to him.

#### 66.9 ACCESS TO SOCIAL HOUSING FOR MEMBERS OF THE ARMED FORCES, VETERANS AND THEIR FAMILIES

Councillor Bradshaw thanked the Lead Member for his response and stated that she was glad that the Council would be responding to the Government consultation. Some councils were already helping ex-service personnel with PTSD and other mental health problems. Rates of PTSD were high among ex-service personnel, especially those who had been involved in combat situations. She suggested that the Council could do more in terms of staff training and access to social housing to assist those people who were affected by often hidden mental health problems.

Councillor Mercer stated that the Government's proposals only went so far and that he felt that the Council could do more and adopt further initiatives that would help. The Council already asked whether people approaching the Council as homeless had been in the armed services. He stated that he accepted that mental health disabilities should be treated in the same way as those associated with physical health. He thanked Councillor Bradshaw for raising the issue.

#### 66.10 PEST CONTROL SERVICE

As Councillor Forrest had given her apologies, the Mayor took the question and answer as read.

67. MINUTE REFERENCES

There were no minute references.

68. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN

A report of the Chief Executive, informing the Council of a number of urgent decisions that were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9, was submitted (item 12 on the agenda filed with these minutes).

69. EXEMPT INFORMATION

**RESOLVED** that members of the public be excluded from the meeting during the consideration of the following item on the grounds that it will involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

70. URGENT EXECUTIVE DECISIONS EXEMPTED FROM CALL-IN: DECENT HOMES CONTRACT

A report of the Chief Executive, informing the Council of a number of urgent decisions that were exempted from call-in in accordance with Scrutiny Committee Procedure 11.9, was submitted (item 12 on the agenda filed with these minutes).

One of those decisions related to the Decent Homes Contract Settlement as set out in an exempt annex to that report. Councillors Miah, Draycott, Jukes, Bebbington, Hayes, Radford, K. Harris and Ranson asked questions regarding that decision which were responded to by Councillor Morgan.

Note:

These minutes are subject to confirmation as a correct record at the next meeting of the Council which is scheduled for Monday 25th February 2019

**COUNCIL – 21ST JANUARY 2019**

Responses to questions and requests for additional information

Minute No. 62.4 Review of Polling Districts, Polling Places and Polling Stations - Outcome

The following information was requested.

Question	Response
Whether information provided to voters could make clear that Iveshead School used to be called Hind Leys School.	It was confirmed that this will be done.
Clarification of the position of voters currently in Shepshed parish and the Shepshed East ward that would be in the Stonebow parish at the forthcoming elections and how that information had been communicated.	<p>The following recommendation was approved by full Council in respect of the Community Governance Review at the meeting on 22nd January 2018 (the map referred to showed that part of Shepshed east of the M1 which would become part of the new parish of Stonebow Village):</p> <p>“12. That a new parish be established with the boundary as shown in blue on Map 7 in Appendix A, by amalgamating the indicated areas of the parishes of Shepshed and Hathern and of the unparished area of Loughborough, that it be named Stonebow Village, and that it should not have a parish council (ie. it will be a parish meeting).”</p> <p>Council officers wrote to the Clerk during the consultation stage to inform her of the proposal to create the new parish which would be formed partly from an existing area of Shepshed, and also wrote to her again after the recommendation was approved enclosing a copy of the Order forming the new parish of Stonebow Village, including a map.</p>

Question	Response
Whether the lighting formerly used at the previous Cobden School polling station could be used at the new polling station to be located at the pre-school.	It was confirmed that the Council will arrange for additional lighting for the alleyway that leads to the entrance to the polling station at Cobden Pre-School, and for suitable signage to be in place to direct voters.

#### Minute No. 66.5 Food Safety Inspections

The following information was requested.

Question	Response
Clarification of whether the food business that had been the subject of a recent prosecution had been closed down by the Council or by the owners of the business.	<p>Sliced: Summary of Actions Taken Before Prosecution</p> <p>Mr Hussain registered his new food business 'Sliced', Angel Yard, Loughborough on 22nd January 2018. An EHO visited the premises on 2nd February 2018 to carry out a food hygiene inspection and to investigate a complaint for the sale of mouldy food.</p> <p>During the visit the officer found mouldy cheese within his fridges. There were a number of food hygiene issues, including the use of dirty cloths, food past its use by date, lack of documentation, lack of food hygiene training etc. Mr Hussain was issued with a written warning to improve immediately. He was given coaching and education as a new business to assist him with compliance.</p> <p>A revisit was carried out on 7th February 2018 – there was a slight improvement in food safety, however he was told to significantly improve to avoid legal action.</p> <p>A second revisit was carried out on 15th February 2018 and he had complied with all the legal requirements. The officer then planned to carry out a full inspection in a few weeks.</p> <p>A full inspection was subsequently carried out on 16th March 2018 and he was issued with a 2 food hygiene rating. A revisit was then scheduled to undertake further checks.</p> <p>On 15th June the officer revisited the premises and found repeat contraventions and a general failure to comply with</p>

	<p>food safety, particularly in relation to the sale of out of date foods and cross contamination risks. He was issued with a 0 rating and two food hygiene improvement notices. The notices were for a failure to implement his safe documented procedures and a lack of training and knowledge to safely run his food business. Food was formally sampled and environmental swabs were taken from the premises. Due to the repeated non-compliance and failure to improve, legal proceedings were commenced against Mr Hussain.</p> <p>He subsequently voluntarily closed his business in July 2018 and filed for bankruptcy.</p> <p>Mr Hussain was treated in accordance with the Council's enforcement policy, with a graduated approach to try to ensure he complied with food safety law. Unfortunately, on this occasion he failed to take on all the officers advice and guidance resulting in him being prosecuted and a prohibition order from running a food business indefinitely.</p>
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## COUNCIL – 25TH FEBRUARY 2019

### Report of the Cabinet

#### ITEM 6.1     2019/20 SPECIAL EXPENSES AND GENERAL FUND AND HRA REVENUE BUDGETS

##### Purpose of Report

To consider the recommendations of the Cabinet regarding the proposed General Fund and Housing Revenue Account (HRA) Revenue Budgets for 2019/20. These budgets represent the financial spending plans for all services of the Council and it is a legal requirement to set a balanced budget each financial year. The report also incorporates the proposed Council Tax levy which must be set by the Council and the 2019/20 original budget for the HRA together with proposals to increase rent and service charges.

##### Recommendations and Reasons

The full Council Tax Recommendations, which the Council must consider in order to set a Council Tax Levy and General Fund and HRA revenue budgets for 2019/20, will be circulated once confirmation has been received from major preceptors regarding their precepts.

##### Policy Justification and Previous Decisions

The budget is essential to all policies of the Council and the setting of a Council Tax levy is a legal requirement of the Council. The rents also need to be within specified parameters set by the Department for Housing, Communities and Local Government.

At its meeting held on 14th February 2019, the Cabinet considered a report of the Budget Scrutiny Panel presenting observations and recommendations with regard to the Council's 2019/20 budget. Also considered was a report of the Head of Finance and Property Services which set out the proposed General Fund and HRA Revenue Budgets for 2019/20.

The following extracts from the minutes of the Cabinet's 14th February 2019 meeting detail its consideration of those reports:

##### *"83.    BUDGET SCRUTINY PANEL*

*Considered a report of the Head of Strategic Support to consider the findings and recommendation of the Budget Scrutiny Panel, alongside officer advice and a recommendation in response (item 6 on the agenda filed with these minutes).*

*Councillor Miah, Chair of the Scrutiny Management Board and the Budget Scrutiny Panel, presented the report and the Panel's recommendation. The*

*Strategic Director of Corporate Services presented the officer recommendation and advice in response.*

*The Head of Strategic Support assisted with consideration of the report.*

*The Leader wished to thank the Panel for its valuable scrutiny of the matter.*

**RESOLVED** *that the Panel's view that there should be a statement in the next Medium Term Financial Strategy regarding the Council's future approach to the need for further savings or income generation and the use of reserves be agreed.*

#### Reason

*To enable a context to be provided for future decision making and inform scrutiny of the Council's budgets and other financial matters."*

#### **"86. GENERAL FUND AND HRA REVENUE BUDGETS 2019/20**

*Considered a report of the Head of Finance and Property Services to consider the proposed General Fund and Housing Revenue Account (HRA) Revenue Budgets for 2019/20, incorporating the proposed Council Tax levy, and the 2019/20 proposals to increase rent and service charges within the ring fenced Housing Revenue Account, for recommendation to Council (item 9 on the agenda filed with these minutes).*

*The Head of Finance and Property Services assisted with consideration of the report. Further to the report, she outlined minor amendments to the draft budget set out and the reasons for those.*

**RESOLVED** *that Council be recommended:*

- 1. to approve the Original General Fund Revenue Budget for 2019/20 at £16,954,156 as set out in Appendix 1 to the report of the Head of Finance and Property Services;*
- 2. to set a base Council Tax at £122.09 at Band D, an increase of £5 on the 2018/19 rate;*
- 3. to set the Loughborough Special Levy at £74.97, no increase on 2018/19 rate, as set out in Appendix 3 to the report of the Head of Finance and Property Services;*
- 4. to approve the following items to the Loughborough Special Levy:*
  - Funding for the costs of opening Biggin Street, Loughborough toilets on a Friday, ongoing £4.4k*
  - Funding for Voluntary and Community Grants within Loughborough, on an ongoing basis £20k*

- *Contribution towards Open Spaces grounds maintenance work in Loughborough, to be reviewed each year £120k;*
5. *to approve the Original HRA Budget for 2019/20 as set out in Appendix 5 to the report of the Head of Finance and Property Services;*
  6. *to amend the HRA weekly rents in line with the Ministry of Housing, Communities and Local Government (MHCLG) guidance;*
  7. *to approve that the non-HRA dwelling properties retain their current rents as charged in 2018/19;*
  8. *to approve the HRA service charges in accordance with the MHCLG Guidance;*
  9. *to approve that the shop rents retain their current rents in accordance with an assessment by the Valuation Office;*
  10. *to approve that garage rents are increased by 2.49% in accordance with the assessment by the Valuation Office;*
  11. *to approve that the Leasehold Management and Administration charge increases to £113.06 per annum;*
  12. *that the Lifeline weekly charge is increased in line with MHCLG Guidance;*
  13. *to determine that the basic amount of Council Tax for 2019/20 is not excessive according to the principles set out by the Secretary of State;*
  14. *that delegation be given to the s151 Officer, in conjunction with the Cabinet Lead Member for Finance and Property, to amend this report for Council in line with the final settlement and updated NNDR figures.*

#### Reasons

1. *So that the necessary finance is approved to carry out services in 2019/20.*
2. *So that the Council Tax can be set in accordance with legal and statutory requirements.*
3. *So that a Loughborough Special Levy can be set in accordance with legal and statutory requirements.*
4. *To enable items to be added to the Loughborough Special Rate in:*
  - *Opening Biggin Street toilets (Loughborough) on a Friday on an ongoing basis;*

- *Funding for Voluntary and Community Grants within Loughborough on an ongoing basis;*
  - *Contribution towards costs for Open Spaces grounds maintenance work in Loughborough to be reviewed on an annual basis.*
5. *To ensure sufficient funding for the Housing Revenue Account in 2019/20.*
  6. *To comply with social housing rents guidance which, for 2019/20, is a 1% reduction in rents payable by tenants.*
  7. *To reflect the greater flexibility for rental options for non-HRA dwellings.*
  8. *To ensure the correct alignment of costs and service charges for tenants in accordance with best practice.*
  9. *So that shop rents follow the assessment and guidance provided by the Valuation Office.*
  10. *To increase the rent generated for garages in line with the guidance from the Valuation Office.*
  11. *So that there is sufficient recovery of the costs associated with operating the leasehold flat and shop services.*
  12. *So that there is sufficient recovery of the costs associated with operating the Lifeline service.*
  13. *To comply with the requirements of the Local Government Finance Act 1992.*
  14. *To update the budget report in line with final settlement figures once these are received.”*

The report of the Head of Finance and Property Services setting out the proposed General Fund and HRA Revenue Budgets for 2019/20 is attached as an Annex.

On 12th December 2018, the Strategic Director of Corporate Services exercised delegated powers to set the Council Tax base for 2018/19. This is used as part of the budget and precept calculations.

#### Implementation Timetable including Future Decisions and Scrutiny

Council is requested to consider the Cabinet report and the recommendations of Cabinet on 14th February 2019 alongside the full Council Tax Recommendations, which will be circulated once confirmation has been received from major preceptors regarding their precepts, in order to set a Council Tax Levy and General Fund and HRA revenue budgets for 2019/20.

The actual budgets will come into effect on 1st April 2019.

### Report Implications

As detailed within the attached Annex.

Key Decision: Yes

Background Papers: [Delegated decision DD214 18/19 taken by Strategic Director of Corporate Services regarding Council Tax and NNDR Bases](#)

[Cabinet 14th February 2019 Item 6 Budget Scrutiny Panel](#)

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**CABINET – 14TH FEBRUARY 2019****Report of the Head of Finance and Property Services  
Lead Member: Councillor Tom Barkley****Part A****ITEM            GENERAL FUND AND HRA REVENUE BUDGETS 2019/20****Purpose of the Report**

This report sets out the proposed General Fund and Housing Revenue Account (HRA) Revenue Budgets for 2019/20, which together, represent the financial spending plans for all services of the Council. It is a legal requirement to set a balanced budget each financial year. The report also incorporates the proposed Council Tax levy which must be set by Council at its meeting on 25th February 2019. The indicated Council Tax for Charnwood Borough Council as a whole is based on the budget to be recommended to Council and it is proposed that there is an increase of £5.00 (4.27%) per band D property per annum in 2019/20. This is the allowable increase for the Council based upon Charnwood's current band D charge being in the lowest quartile across England.

The report also presents the 2019/20 proposals to increase rent and service charges within the ring fenced Housing Revenue Account.

**Recommendations**

That Council are recommended:

1. To approve the Original General Fund Revenue Budget for 2019/20 at £16,954,156 as set out in Appendix 1.
2. To set a base Council Tax at £122.09 at Band D, an increase of £5 on the 2018/19 rate.
3. To set the Loughborough Special Levy at £74.97, no increase on 2018/19 rate, as set out in Appendix 3.
4. To approve the following items to the Loughborough Special Levy:
  - 4.1. Funding for the costs of opening Biggin Street, Loughborough, toilets on a Friday ongoing £4.4k
  - 4.2. Funding for Voluntary and Community Grants within Loughborough on an ongoing basis; £20k
  - 4.3. Contribution towards Open Spaces grounds maintenance work in Loughborough, to be reviewed each year £120k.
5. To approve the Original HRA Budget for 2019/20 as set out in Appendix 5.
6. To amend the HRA weekly rents in line with the Ministry of Housing, Communities and Local Government (MHCLG) guidance.

7. To approve that the non-HRA dwelling properties retain their current rents as charged in 2018/19.
8. To approve the HRA service charges in accordance with the MHCLG Guidance.
9. To approve that the shop rents retain their current rents in accordance with an assessment by the Valuation Office.
10. To approve that garage rents are increased by 2.49% in accordance with the assessment by the Valuation Office.
11. To approve that the Leasehold Management and Administration charge increases to £113.06 per annum.
12. That the Lifeline weekly charge is increased in line with MHCLG Guidance.
13. To determine that the basic amount of Council Tax for 2019/20 is not excessive according to the principles set out by the Secretary of State.
14. That delegation be given to the s151 Officer, in conjunction with the Lead Member for Finance and Resources, to amend this report for Council in line with the final settlement and updated NNDR figures.

### Reasons

1. That the necessary finance is approved to carry out services in 2019/20.
2. That the Council Tax can be set in accordance with legal and statutory requirements.
3. That a Loughborough Special Levy can be set in accordance with legal and statutory requirements.
4. To enable items to be added to the Loughborough Special Rate in:
  - 4.1. Opening Biggin Street toilets (Loughborough) on a Friday on an ongoing basis;
  - 4.2. Funding for Voluntary and Community Grants within Loughborough on an ongoing basis;
  - 4.3. Contribution towards costs for Open Spaces grounds maintenance work in Loughborough to be reviewed on an annual basis.
5. To ensure sufficient funding for the Housing Revenue Account in 2019/20.
6. To comply with social housing rents guidance which, for 2019/20, is a 1% reduction in rents payable by tenants.
7. To reflect the greater flexibility for rental options for non-HRA dwellings.
8. To ensure the correct alignment of costs and service charges for tenants in accordance with best practice.

9. That shop rents follow the assessment and guidance provided by the Valuation Office.
10. To increase the rent generated for garages in line with the guidance from the Valuation Office.
11. That there is sufficient recovery of the costs associated with operating the leasehold flat and shop services.
12. That there is sufficient recovery of the costs associated with operating the Lifeline service.
13. To comply with the requirements of the Local Government Finance Act 1992.
14. To update the budget report in line with final settlement figures once these are received.

#### Policy Justification and Previous Decisions

The budget is essential to all policies of the Council and the setting of a Council Tax levy is a legal requirement of the Council. The rents are set in accordance with MHCLG Guidelines.

#### Implementation Timetable including Future Decisions and Scrutiny

This report will be available for consideration by the Overview Scrutiny Group on 11th February 2019 and, if approved by Cabinet, will be tabled for agreement by Full Council on 25th February 2019. The actual budget will then come into effect on 1st April 2019.

The draft budget was also considered by the Budget Scrutiny Panel on 8th January 2019 and their comments are referred to later in this report.

#### Report Implications

##### *Financial Implications*

The effects of the adoption of these budgets are explained in Part B of the report.



### *Risk Management*

<b>Risk Identified</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management Actions Planned</b>
One off expenditure that is dependent, to a greater or lesser extent, on specific external funding is susceptible to that funding either not being forthcoming or being reduced.	Unlikely	Minor	Expenditure will either be scaled back or alternative funding sought.
Failure to take account of the spending plans of the Council.	Unlikely	Minor	Robust budget planning and control processes
Exceptional spending being required during the financial year.	Unlikely	Major	The Working Balance is sufficient to manage normal and most one off events.
Some of the amounts in this budget report are still provisional as final government settlement	Possible	Major	The Council has sufficient reserves to ensure that the expenditure in this

Key Decision: Yes

Background Papers: None

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## Part B

### General Fund Revenue Budget 2018/19

1. Appendix 1 shows the General Fund summary position and includes a variance column comparing the Original budget being recommended to Council with the draft one reported to Cabinet on 13th December 2018. The primary changes are set out below. The Precept Requirement has reduced slightly by a net £25k since the draft report. The reasons for this, and other matters of salience, are explained in paragraphs 3 to 8 below.
2. There is a reduction in Net Service Expenditure of £29k which relates to an adjustment to the recharge made from HRA to General Fund for administering the Lifeline service.
3. As is typical, at the date of drafting this report the provisional NNDR (National Non-Domestic Rates, also known as business rates) income figure has not yet been finalised. Whilst this has the potential to alter the Council's projected funding position it is not anticipated that any changes would be material in the context of the General Fund budget. If material, an update will be provided to Cabinet at the date of the meeting and for the purposes of the Council meeting updated figures will be provided.
4. As explained in more detail at paragraph 24, the Council was part of a successful Leicestershire-wide bid to participate in the 75% business rate retention pilot scheme. This should prove beneficial to the Council but the extent of this benefit cannot be calculated at this time. However, it has been agreed amongst the Leicestershire local authorities that as a first step, all authorities would be put in a position whereby the funding derived from the pilot would be equal to the funding each would otherwise have received from business rate retention and the Revenue Support Grant. The budget has therefore been set on this basis.
5. The Council is in a 'levy position' meaning that the income for the year is greater than the index linked spending baseline which would, if the Council was not part of the business rate retention pilot, result in a payment to Central Government. Historically, to allow levy payments to instead be directed to the Local Enterprise Partnership (LEP), the Council has been a member of the Leicester and Leicestershire Business Rates Pool. For 2019/20 it has been agreed amongst the Leicestershire local authorities that the Pool would be put in a position whereby the funding derived from the pilot would be equal to the levy payments that each local authority would otherwise have made to the Pool.
6. Due to timing differences between years in finalising amounts due to other parties, e.g. the County, Police and Fire in respect of Council Tax and the County, Fire and central government in respect of NNDR, the authority operates a Collection Fund. This acts like a trust account where amounts are paid in/out during the year and surpluses/deficits are retained at the year end and then paid out/recovered in following years once final figures are known. The Collection Fund and the NNDR figure are linked and both of these figures will change for the final report to Council on 25<sup>th</sup> February 2019 as the figures for County, Fire and Police are still provisional.
7. The amount due to the Council from Council Tax receipts has reduced by a net £24k compared with the draft report. This is due to the council tax base being slightly lower than anticipated in the draft report.
8. The New Homes Bonus Grant figure for 2019/20 shows an increase of £30k since the draft report, 0.6% of the budget. This grant is calculated based on housing growth in the borough.

9. The recommendation made in the draft budget to freeze the Loughborough Special rate and increase band D base Council Tax by £5.00 per annum has not changed as a result of the above changes. The recommended increase is within the guidelines issued by central government. As noted in the MTFS, Charnwood set the 23rd lowest rate out of a total of 201 District Councils for 2018/19, placing us in the lowest 11% of charges across District Councils currently. This recommended increase will have the positive impact of increasing the base budget going forward which will help to protect the Council against future funding reductions.
10. There is a proposed reduction in overall revenue reserves of £1.6m which still allows for reserves to be maintained above the minimum recommended level in line with good practice. The Council has built up a prudent level of reserves in the past to cope with reductions in available funding as well as one-off emergencies. This planned use of reserves is in line with the anticipated use of reserves included within the MTFS.
11. The current approved local Council Tax Support scheme, which gives eligible pensioners a reduction in their council tax bills of up to 100% (some paying no council tax at all) and eligible working age applicants a discount so that they pay at least 15% of the full charge, has been presumed to continue as it is both for 2019/20 and in the future.

#### Consultation on the Budget

12. A programme of consultation commenced following the consideration of the draft budget by Cabinet in December 2018. This has involved partner organisations, scrutiny committees, unions and businesses.

#### *Budget Scrutiny Panel process*

13. At its meeting held on 28th March 2018, the Scrutiny Management Board agreed the process for scrutinising the Council's budgets for 2019/20. The Budget Scrutiny Panel met four times between 26th June 2018 and 8th January 2019. to consider the MTFS and the draft revenue and capital budgets. Their comments and recommendations are included in a separate paper at item 06 of this meeting.

#### *Comments of the Industrial and Commercial Ratepayers Meeting*

14. A consultation meeting with representatives of Industrial and Commercial Ratepayers was held on 16th January 2019. The following issues were identified by consultees as agenda items for the meeting:
  - The proportion of the Business Rates collected by the Council that was retained in Charnwood and how that money was used by the Council
  - The process for updating information on Business Rates Rating Lists
  - The functions of the Council's Business/Economic Development Team
  - The Government's new Future High Streets Fund and the Council's role in addressing the economic difficulties facing the High Street
  - The Generator project (a scheme to reuse a building in Loughborough Town Centre as a creative hub)
  - The Wards End/Bedford Square improvement scheme in Loughborough.
15. Information was provided to consultees regarding these matters, including the Council's participation in the 75% business rate retention pilot scheme and its intention to make a

bid for funding from the Government's Future High Streets Fund. There was also a discussion of the Council's longer term financial strategy. There are no proposed changes to the 2019/20 budgets as a result of the consultation meeting.

#### *Comments of the Loughborough Area Committee*

16. At the Committee there were extensive discussions on aspects of the budget relating to the special expense area. Areas of discussion included the cemetery, Voluntary and Community Sector Development, Fearon Hall and the Carillon Tower, and recharges to the open spaces service.
17. The timing of the meeting was also discussed along with suggestions as to additional information that the Committee would appreciate in future years.
18. Items that the Committee specifically asked be considered for inclusion in the budget in future were:
  - 18.1. It was suggested that a water bottle re-filling station or the possibility of using the original water fountain in the Town Centre be explored as part of the budget setting process.
  - 18.2. Officer response – Officers will investigate the possibility of creating a bottle re-filling station within the footprint of the public toilet facilities.
  - 18.3. It was suggested that consideration be given to providing free toilet facilities in the Town Centre as part of the budget setting process.
  - 18.4. Officer response – Officers agreed that the cost of increasing toilet provision in this way would be calculated.
19. We would like to take this opportunity to thank all those who responded to the consultation. Further of the consultation discussions and responses referred to above are available as meeting minutes, published on the Council's website.

#### Loughborough Special Expenses (Appendix 3)

20. There is no increase in Loughborough Special Expense Levy, the rate remains the same at 74.97p and includes a council tax support grant of £6k. The year 2019/20 will be the final year for the allocation of this grant as the funding source of this grant (i.e. Revenue Support Grant) finishes for the Council in 2019/20.

#### Council Tax Base

21. The tax base, as approved by a decision delegated to the s151 Officer, has been used in the relevant calculations.

#### Precept Amount

22. The NNDR and Collection Fund figures are not yet available and the draft settlement has been used in these calculations. Appendix 2 shows an increase of £5 on the Base Band D Council Tax. The amount for 2019/20 is therefore at £122.09 for the base precept.

### Parish and Town Councils and Other Precepts

23. All Parish and Town Council precepts have been received and are detailed in Appendix 4. Approved precept information is still to be received from the County Council, the Police and Fire Authorities and the figures therefore shown in Appendix 2 are provisional. These will be updated in time for the main Council meeting on 25th February 2019.

### Leicestershire's Successful Bid to pilot the 75% Business Rates Retention Scheme.

24. The Council along with all other Leicestershire Councils jointly submitted a business rate pilot bid to test out 75% Business Rate Retention. This bid was successful with the expected benefit to Leicestershire and the City being in the region of £14 million for 2019/20. It is not yet known how much of this Charnwood would receive as the bid allocation details are still being determined by the Leicestershire Councils. In line with the bid proposal the additional funding would be used assist with financial sustainability (for example, homelessness demand) and investment in town centres. As the amount is not yet known the budget figures for business rates have been included on the basis of the council not having been part of the successful bid i.e. the status quo of being in the 50% Business Rate Retention scheme. It should be noted that because the Council has been successful in becoming a pilot authority it will not receive a separate RSG payment (the council will receive its final RSG payment for 2019/20 of £165k), but this will be included as part of the NNDR funding. This has been shown as a reduction of £165k on the RSG line and an increase of £165k on the NNDR line in Appendix 1

### General Fund Revenue Balances and Reserve

25. The General Fund Balances are included in Appendix 1 and the budget shows that £971k, being 19% of the opening balance, will be transferred from the Working Balance. The Working Balance is predicted to be £4m at March 2020, which is above the recommended minimum balance of £2m required to cover approximately 6 weeks of running costs. An additional recommended minimum balance of £2m (taking the total to £4m) is included in order to cover future uncertainties around business rate retention, additional responsibilities and the outcome of the fairer funding review.
26. The Capital Plan Reserve is predicted to be £1.1m at the end of March 2020 which includes £618k Capital Plan call on this fund.

### Housing Revenue Account

27. The overall budget position for 2019/20 shows a surplus of £128k compared with the draft budget position of a surplus of £440k. This is a net difference of £312k. Changes include an adjustment of £29k to the recharge made from HRA to General Fund for administering the Lifeline service which is offset by an increase in estimated rental income of £14k. The largest change relates to £280k of rent and service charges. Following legal and accountancy advice on the calculation of the 53 week rent year, an accruals basis has been adopted. This means that income relating to the portion of the 2019/20 rent period that does not fit into the financial period has been deferred into the 2020/21 budget. This income has not been lost and will simply be recognised in a later accounting period. There is an adjustment of £2k in Supervision and Management relating to the same accounting principle for lifeline income.

### HRA Balances

28. The HRA Balances have been budgeted at £110 per property at approximately £608k. At 31 March 2019, the HRA Financing Fund balance is forecast as being £7,858k. This includes adding an estimated underspend of £441k from the 2018/19 budget, which is the forecast underspend of balances as at the revenue monitoring for December 2018 (Period 9).

#### HRA Services Pressures

29. The ongoing service pressures for the HRA are the same as those listed in the draft budget (see Cabinet report 13 December 2018) and total £245k per annum.

#### Report of the Chief Finance (Section 151) Officer under Section 25 of the Local Government Finance Act, 2003

30. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by Cabinet and full Council as part of the budget approval and council tax setting process.
31. The proposed budget is set against the context of continued reductions in core Government funding, especially Revenue Support Grant. However, through submitting its Efficiency Plan the Council has secured a multi-year settlement until 2019/20 thereby providing certainty of this element of funding. There is inherent and significant volatility in respect of business rate appeals which can lead to material swings in available funding between financial years. The Council has an adopted Medium Term Financial Strategy (MTFS) that takes all of the above into account and provides resilience over the medium term.
32. The Council's S151 Officer is required to report to Cabinet and full Council the key risks facing the Council in relation to current and future budget provision. An assessment of material risks has been carried out and the two biggest risks i.e. those that are most likely and with the biggest impact have been identified as being the certainty over both the level of business rates income and the future funding through the New Homes Bonus scheme. and associated mitigating actions are detailed below:

##### *32.1. Business Rates*

Business rates, represents the biggest financial risk to the Council, because it is such a complex area manage and budget for. Detailed work has been undertaken as part of the budget process to model income trends including growth and the impact potential business rates appeals to arrive at an expected level of business rates income for the year. Furthermore, monitoring of the actual business rates position is performed throughout the year to identify any variances from the expected levels so that the impact of variances can be assessed and monitored.

### 32.2. *New Homes Bonus*

The scheme was introduced by the Government in 2011/12 to promote housing growth. Originally the scheme provided grant funding in the form of a 'bonus' per house to councils for each house built and completions within the authority's boundaries in a year for the following six years. This was reduced to the following 5 years for 2017/18 completions onwards. Also for 2017/18 the Government introduced a "deadweight" factor so that no NHB payments will be made to a local authority for housing growth of less than 0.4%.

The Government has continued to make changes to the scheme with the Government implementing a reduction the number of years for legacy payments again to 4 years in 2018-19. Councils expected further changes to the scheme to be announced when the provisional finance settlement was announced in December 2018 which would further reduce funding to the council. However it was announced that the scheme would remain unchanged for 2019/20. There are still concerns that the scheme will be modified again in subsequent years resulting in a reduction in funding to councils.

#### Robustness of Estimates

33. Alongside this the Local Government Finance Act 1992 also requires the authority to take due consideration before setting the budget as there is no recourse to setting a further levy during the year, and any unexpected financial event would have to be met from reserves, or by cutting expenditure on services.
34. This budget has been drawn up using the best estimates of the cost of service delivery by those officers delivering the services, under the overall management of the Chief Financial Officer and with professional advice and guidance from the Financial Services team. The basis of estimation has been to take account of all known costs in delivering a set level of service together with any new or amended services that have been approved by Members. The same basis has been applied in estimating the income level for those services that generate revenue for the Council.
35. However, during the eighteen months period, from the start of the budget process until the end of that financial year, there are likely to be budgets that have pressures on spending; equally there are budgets that will under spend. The key is to ensure that the position is under control at all times and that timely, effective action is taken where budget issues are identified in year. Additionally, financial procedures are in place to ensure that all decisions that affect spending are fully considered before committing the authority, and that effective monitoring is in place.
36. All spending plans are based on the service planning process and the proposed use of reserves and balances conforms to the specification as laid down and published in the Financial Strategy.

#### Adequacy of Reserves

37. The Chief Financial Officer can confirm that the levels of reserves for both the General Fund and HRA are considered to be adequate to fund the planned expenditure identified by the Council as presented in this report. However, they will need to be monitored and reviewed in the future to ensure that they can be maintained at an adequate level.

### Assurance Statement of the Council's Section 151 Officer

38. Therefore the Chief Financial Officer confirms that this budget, as set out above and in the attached appendices, is robust and meets the requirements of the Council for its current spending plans and conforms with the procedures agreed for the use of balances.

### Appendices

- 1 – General Fund Budget Summary 2019/20
- 2 – Council Tax Analysis 2019/20
- 3 – Loughborough Special Expenses 2019/20
- 4 – Council Tax Town and Parish Council Precepts 2019/20
- 5 – HRA Revenue Budget Summary 2019/20
- 6 – General Fund Service Pressures and Savings 2019/20



General Fund Budget Summary 2019-20					
Actual 2017/18 £000		Original Budget 2018/19 £000	Draft Budget 2019/20 £000	Final Budget 2019/20 £000	Variance Draft vs Final £000
16,942	General Fund Service Expenditure	18,029	18,525	18,496	(29)
0	One Off Directorates Savings Target	0	(300)	(300)	0
0	Net Ongoing Service (Savings) & Pressures	(178)	(341)	(341)	0
0	Net One Off Service (Savings) & Pressures	370	283	283	0
<b>16,942</b>	<b>Net Service Expenditure</b>	<b>18,221</b>	<b>18,167</b>	<b>18,138</b>	<b>(29)</b>
1,007	Revenue Contributions to Capital	0	0	0	0
47	Council Tax Support Grants to Parishes/Towns	29	0	0	0
325	Interest Paid	240	240	240	0
(285)	Less: Interest on Balances	(300)	(390)	(390)	0
<b>18,036</b>	<b>Total Borough Expenditure</b>	<b>18,190</b>	<b>18,017</b>	<b>17,988</b>	<b>(29)</b>
(182)	Contribution (from) Reinvestment Reserve	0	0	0	0
(167)	Contribution(from)/to Working Balance	(1,164)	(825)	(798)	27
(431)	Contribution (from)to Collection Fund	(234)	(200)	(173)	27
(882)	Contribution(from)/ to Capital Plan Reserve	0	0	0	0
307	Contribution (from)/to Other Reserves	(8)	(63)	(63)	0
(16)	Contribution (from)/to Growth Support Fund	0	0	0	0
<b>16,665</b>	<b>Precept Requirement</b>	<b>16,784</b>	<b>16,929</b>	<b>16,954</b>	<b>25</b>
1,265	Revenue Support Grant	745	165	0	(165)
4,507	NNDR	4,957	5,125	5,290	165
6,118	Council Tax Receipts	6,502	6,917	6,893	(24)
1,184	Loughborough Special Levy	1,194	1,215	1,213	(2)
4,004	New Homes Bonus	3,620	3,707	3,731	24
18	General Government Grants	0	0	0	0
(431)	Collection Fund Surplus/(Deficit)	(234)	(200)	(173)	27
<b>16,665</b>	<b>Precept Income</b>	<b>16,784</b>	<b>16,929</b>	<b>16,954</b>	<b>25</b>

£p	Council Tax for Band D	£p	£p	£p
112.09	Base Borough Council Tax	117.09	122.09	122.09
74.97	Loughborough Special Levy	74.97	74.97	74.97

£000 Actual 2017/18	REVENUE BALANCES	£000 Original 2018/19	£000 Draft 2019/20	£000 Final 2019/20
7,655	<b>Working Balance at 1 April</b>	7,474	4,990	4,990
(598)	Transfer from/(to) General Fund	(1,398)	(1,025)	(971)
0	Transfer from/(to) Reinvestment Reserve	(43)	0	0
<b>7,057</b>	<b>Balance at 31 March</b>	<b>6,033</b>	<b>3,965</b>	<b>4,019</b>
776	<b>Reinvestment Reserve Balance at 1 April</b>	457	608	608
(181)	Transfers from/(to) General Fund	43	0	0
<b>595</b>	<b>Balance at 31 March</b>	<b>500</b>	<b>608</b>	<b>608</b>
3,526	<b>Capital Plan Reserve Balance at 1 April</b>	1,790	1,629	1,711
43	Transfer from/(to) General Fund	0	0	0
(925)	Funding of Capital Expenditure	(563)	(557)	(618)
<b>2,644</b>	<b>Balance at 31 March</b>	<b>1,227</b>	<b>1,072</b>	<b>1,093</b>
130	<b>Growth Support Fund Balance at 1 April</b>	96	0	0
(16)	Transferred from General Fund	0	0	0
0	Funding of Capital Expenditure	(96)	0	0
<b>114</b>	<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>
506	<b>Other Revenue Reserve Balances at 1 April</b>	791	805	805
307	Transferred from/(to) General Fund	(8)	(63)	(63)
<b>813</b>	<b>Balance at 31 March</b>	<b>783</b>	<b>742</b>	<b>742</b>
<b>11,223</b>	<b>TOTAL BALANCES</b>	<b>8,543</b>	<b>6,387</b>	<b>6,462</b>

COUNCIL TAX ANALYSIS 2019/20					
2018/19			2019/20		%
55,525.8		TAX BASE (at CBC collection rate)	56,462.4		Change Per Band D
15,927.5		LOUGHBOROUGH TAX BASE	16,183.5		1.69
£	£ p		£	£ p	%
16,784,775	302.29	TOTAL BUDGET REQUIREMENT	16,954,156	300.27	-0.67
(1,194,085)	(21.51)	Less: Loughborough Special Levy	(1,213,277)	-21.49	-0.07
15,590,690	280.78	Less:	15,740,879	278.78	-0.71
(745,156)	(13.42)	Revenue Support Grant	0	0	-100.00
(3,620,837)	(65.21)	New Homes Bonus	(3,730,729)	-66.07	1.32
(4,956,954)	(89.27)	NNDR	(5,290,366)	-93.70	4.96
6,267,743	112.88		6,719,784	119.01	5.43
233,773	4.21	Collection Fund	173,710	3.08	0.00
<b>6,501,516</b>	<b>117.09</b>	<b>BASIC BOROUGH PRECEPT</b>	<b>6,893,494</b>	<b>122.09</b>	<b>4.27</b>
3,547,050	63.88	Other Precepts			
	1,242.6	Parishes	3,677,802	65.14	1.97
68,996,441	0	Leicestershire County Council	68,996,441	1,221.99	-1.66
3,593,075	64.71	Combined Fire Authority	3,593,075	63.64	-1.65
11,062,416	199.23	Police & Crime Commissioner for Leics	11,062,416	195.93	-1.66
87,198,982	1,570.4		87,329,734	1,546.70	-1.51
	2				
1,194,085	74.97	SPECIAL LEVY (LOUGHBOROUGH)	1,213,277	74.97	0.00
94,894,583	1,709.0	TOTAL REQUIREMENT	95,436,505	1,718.78	0.57
	2				
93,700,498	1,687.5	AVERAGE PARISH PRECEPT	94,223,228	1,668.79	-1.11
	1				
91,347,533	1,698.6	LOUGHBOROUGH PRECEPT	91,758,703	1,678.62	-1.18
	0				

Still awaiting final figures

LOUGHBOROUGH SPECIAL EXPENSES		
2018/19		2019/20
Original Budget	Service	Original Budget
£		£
68,600	Loughborough CCTV	67,800
79,600	Community Grants - General / Fearon Hall / Gorse Covert	81,800
45,100	Marios Tinenti Centre / Altogether Place / Community Hubs	44,900
9,100	Charnwood Water Toilets	9,600
33,500	Voluntary & Community Sector Dev Officer post (75% LSX)	34,500
5,700	Biggin Street Toilet - Friday Opening	4,400
119,000	Contribution towards Loughborough Open Spaces Grounds Maintenance	120,000
(5,900)	November Fair	(5,100)
	<u>Parks:</u>	
428,200	Loughborough - including Loughborough in Bloom	404,700
69,000	Gorse Covert and Booth Wood	68,200
	<u>Sports Grounds:</u>	
114,100	Derby Road	112,700
46,700	Lodge Farm	43,700
63,100	Nanpantan	72,900
21,200	Park Road	20,200
23,500	Shelthorpe Golf Course	21,400
19,000	Loughborough Cemetery	45,100
56,800	Allotments - Loughborough	52,000
12,700	Carillon Tower	15,600
49,300	Festive Decorations and Illuminations	51,200
92,400	Town Centre Management	102,500
1,350,700		1,368,100
(130,014)	Adjustments from Year 2016/17	0
0	Adjustments from Year 2017/18	(148,931)
(26,601)	Council Tax Support Grant	(5,892)
1,194,085	AMENDED TOTAL	1,213,277
Divided by 15,927.50	Council Tax Base	Divided by 16,183.50
<u>74.97</u>	Special Council Tax	<u>74.97</u>

## 2019/20 Council Tax - Parish Precepts

Parish/Meeting/Town Council	Precept Requirement	Council Tax Base	Parish/ Special Requirement at Band D
	£		£
Anstey	279,360	2,468.3	113.18
Barkby / Barkby Thorpe	7,859	157.9	49.77
Barrow-upon-Soar	217,915	2,404.0	90.65
Beeby	0	38.2	0.00
Birstall	420,182	4,504.0	93.29
Burton-on-the-Wolds, Cotes, & Prestwold	28,000	553.0	50.63
Cossington	13,500	215.0	62.79
East Goscote	58,000	939.3	61.75
Hamilton Lea	0	234.7	0.00
Hathern	44,000	885.7	49.68
Hoton	10,600	149.0	71.14
Mountsorrel	543,865	2,889.8	188.20
Newtown Linford	51,000	533.9	95.52
Queniborough	54,512	1,135.7	48.00
Quorndon	251,215	2,410.7	104.21
Ratcliffe-on-the-Wreake	2,500	89.9	27.81
Rearsby	20,918	486.3	43.01
Rothley	132,000	2,105.9	62.68
Seagrave	18,984	274.9	69.06
Shepshed	290,709	4,586.8	63.38
Sileby	210,119	2,716.3	77.35
South Croxton	11,751	131.8	89.16
Stonebow Village	0	16.5	0.00
Swithland	4,000	162.2	24.66
Syston	465,200	4,334.7	107.32
Thrussington	11,500	255.4	45.03
Thurcaston & Cropston	37,879	943.9	40.13
Thurmaston	374,620	2,825.6	132.58
Ulverscroft	0	60.1	0.00
Walton-on-the-Wolds	4,500	128.3	35.07
Wanlip	3,000	85.6	35.05
Woodhouse	79,899	965.5	82.75
Wymeswold	30,215	590.0	51.21
	3,677,802	40,278.9	
Loughborough (Special Expenses)	1,213,277	16,183.5	74.97
Total	4,891,079	56,462.4	
Average			86.63

2017/18 Actual	Housing Revenue Budget Summary	2018/19 Original Budget	2019/20 Draft Budget	2019/20 Final Original budget	Variance from 12.18
£000		£000	£000	£000	£000
	<b>Expenditure</b>				
4,602	Supervision and Management	4,914	5,087	5,118	31
6,204	Repairs and Maintenance	6,557	6,461	6,461	0
116	Rents, Rates and other charges	138	139	139	0
0	Rent Rebates	1	0	0	0
330	Provision for Bad and Other Charges	383	383	383	0
(6,628)	Depreciation	2,955	3,057	3,057	0
0	Net Revaluation increase of non-current assets	0	0	0	0
16	Debt Management Expenses	12	10	10	0
4,640	<b>Expenditure Sub-total</b>	14,960	15,137	15,168	31
	<b>Income</b>				
(21,038)	Dwelling Rent Income	(20,673)	(20,812)	(20,548)	264
(372)	Shops, Land and Garages Rent	(384)	(381)	(373)	8
(56)	Warden Service Charges	(57)	(56)	(55)	1
(315)	Central Heating and Communal Charges	(309)	(327)	(322)	5
(158)	Leasehold Flat and Shop Service Charges	(117)	(158)	(156)	2
(30)	Hostel Service Charges	(27)	(24)	(24)	0
(10)	Council Tax recharged	(11)	(11)	(11)	0
(21,979)	<b>Income Sub-total</b>	(21,578)	(21,769)	(21,489)	280
(17,339)	<b>Net (income)/Cost of service</b>	(6,618)	(6,632)	(6,321)	311
(80)	Transfer from General Fund - Grounds Maintenance	(83)	(84)	(84)	0
2,777	Interest Payable	2,742	2,706	2,706	0
(51)	Investment Income and Mortgage Interest	(56)	(89)	(88)	1
(14,693)	<b>Net Operating Expenditure/(Income)</b>	(4,015)	(4,099)	(3,787)	312
2,581	Revenue Contribution to Capital	3,716	3,659	3,659	0
(496)	Pension Adjustment	0	0	0	0
9,597	Reversal of Gain on Revaluation	0	0	0	0
63	Adjusted to charges based on impairment of General Fund Asset	0	0	0	0
11,745	Appropriations	3,716	3,659	3,659	0
(2,948)	<b>(Surplus)/Deficit for the year</b>	(299)	(440)	(128)	312
(621)	<b>HRA Balance at beginning of year</b>	(616)	(612)	(612)	0
(2,948)	(Surplus)/Deficit for the year	(299)	(440)	(128)	312
2,953	Transfer to/from Reserves	303	444	132	(312)
(616)	<b>HRA Balance at end of year</b>	(612)	(608)	(608)	0
(4,030)	<b>HRA Financing Fund at beginning of year</b>	(6,982)	(7,726)	(7,726)	0
(2,953)	Transfer to/from Reserves	(303)	(444)	(132)	312
0	Adjustments to 2018/19 budget	(441)	0	0	0
(6,983)	<b>HRA Financing Fund at end of year</b>	(7,726)	(8,170)	(7,858)	312
(2,633)	<b>Major Repairs Reserve at end of year</b>	(2,324)	(2,324)	(2,324)	(2,324)
(10,232)	<b>Overall HRA balances at end of the year</b>	(10,662)	(11,102)	(10,790)	312

2019/20 Service Pressures & Savings Summary			Appendix 6	
	One Off		Ongoing	
	£'000	£'000	£'000	£'000
	Pressures	Savings	Pressures	Savings
<b>One Off Directorate Savings Targets in year</b>		(300)		
<b>Housing, Planning, Regeneration &amp; Regulatory Directorate</b>				
Housing Renewal Regrade (downwards) of Administrator	0	0	0	(4)
Homelessness MHCLG New Burdens grant saving	0	(6)	0	0
<b>Subtotal for Head of Strategic &amp; Private Sector Housing</b>	<b>0</b>	<b>(6)</b>	<b>0</b>	<b>(4)</b>
Private Lifeline income	0	0	0	(24)
<b>Subtotal for Head of Landlord Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(24)</b>
Planning Applications pre-planning advice increased income	0	0	0	(7)
Building control reduction in training, travel, printing costs	0	0	0	(8)
Conservation & Landscape reduction in travelling expenses	0	0	0	(1)
Local Plans reduction in printing costs	0	0	0	(3)
Local Plans contribution to Strategic Growth Plan (SGP) in Leicestershire one-off contribution towards the production (£165K over 3 years)	55	0	0	0
<b>Subtotal for Head of Planning &amp; Regeneration</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>(19)</b>
LCC Reimbursement Street Wardens Civil Parking Enforcement income	0	0	0	(10)
<b>Subtotal for Head of Regulatory Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10)</b>
<b>Total for Housing, Planning, Regeneration &amp; Regulatory Directorate</b>	<b>55</b>	<b>(6)</b>	<b>0</b>	<b>(57)</b>
<b>Neighbourhoods &amp; Community Wellbeing Directorate</b>	<b>Pressures</b>	<b>Savings</b>	<b>Pressures</b>	<b>Savings</b>
Garden Waste Bin additional income based on 2018/19 take-up & fee levels	0	0	0	(242)
Bulky Waste implementation of charges from October 2019				(30)
<b>Subtotal for Head of Waste, Engineering &amp; Open Spaces</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(272)</b>
Tourism Support contribution to promote borough through annual Service Level Agreement with Leicestershire Promotions	28	0	0	0
Opening Biggin Street Toilets on Friday	0	0	5	0
<b>Subtotal for Head of Leisure &amp; Cultural</b>	<b>28</b>	<b>0</b>	<b>5</b>	<b>0</b>
Community Grants Lottery additional income	0	0	0	(3)
Loughborough Grant Contributions funded through Loughborough Special Expenses	0	0	20	0
Members Grant Scheme to support Local Community and Voluntary Sector, a further £26k is also included within the Capital Programme	26	0	0	0
<b>Subtotal for Head of Neighbourhood Services</b>	<b>26</b>	<b>0</b>	<b>20</b>	<b>(3)</b>
<b>Total for Neighbourhoods &amp; Community Wellbeing Directorate</b>	<b>54</b>	<b>0</b>	<b>25</b>	<b>(275)</b>
<b>Corporate Services Directorate</b>	<b>Pressures</b>	<b>Savings</b>	<b>Pressures</b>	<b>Savings</b>
External Audit Fees - new auditors	0	0	0	(10)
Accountancy Valuation Fees - 5 yearly valuation cost	20	0	0	0
Messenger Close - additional rental income for new compounds	0	0	0	(44)
<b>Subtotal for Head of Finance and Property Services</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>(54)</b>
Telephony Payment PCI Compliance for GDPR & DPA , Software annual maintenance costs split £17.3K Harborough DC/£21.1k Charnwood BC	0	0	38	0
<b>Subtotal for Head of Customer Experience</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>
Contribution to Combined Authority no longer required	0	0	0	(17)
May 2019 Borough Elections: net overall estimated cost	160	0	0	0
Insurance Premiums/Excess	0	0	0	(1)
<b>Subtotal for Head of Strategic Support</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>(18)</b>
<b>Total for Corporate Services Directorate</b>	<b>180</b>	<b>0</b>	<b>38</b>	<b>(72)</b>
<b>Overall General Fund (Savings) and Pressures</b>	<b>289</b>	<b>(6)</b>	<b>63</b>	<b>(404)</b>
<b>Net Service (Savings) &amp; Pressures</b>	Page 42 One-off 283		Ongoing (341)	

### **COUNCIL – 25TH FEBRUARY 2019**

#### **Report of the Cabinet**

#### **ITEM 6.2     CAPITAL STRATEGY (INCLUDING TREASURY MANAGEMENT STRATEGY) FOR 2019/20**

##### Purpose of Report

To set out the Capital Strategy, newly required under the Prudential Code, also the Treasury Management Strategy Statement together with the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2019/20, for consideration and approval.

##### Recommendations

1. That the Capital Strategy, as set out at Appendix A to the report of the Head of Finance and Property Services, attached as an Annex, be approved.
2. That the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy, as set out in Appendix B to the report of the Head of Finance and Property Services, attached as an Annex, be approved.
3. that the Prudential and Treasury Indicators, also set out in Appendix B to the report of the Head of Finance and Property Services, attached as an Annex, be approved.

##### Reasons

1. To enable the Council to comply with the statutory code of practice issued by CIPFA: 'The Prudential Code for Capital Finance in Local Authorities, 2017 Edition'.
2. To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement.
3. To ensure that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.

##### Policy Justification and Previous Decisions

Policy justification detailed in the attached Annex.

At its meeting on 14th February 2019, the Cabinet considered a report of the Head of Finance and Property Services setting out the Capital Strategy, newly required under the Prudential Code, also the Treasury Management Strategy Statement together with the Annual Investment Strategy and Minimum

Revenue Provision (MRP) Policy for 2019/20, for recommendation to Council. A copy of that report is attached as an Annex.

The following minute extract details Cabinet's consideration of the matter:

"87. CAPITAL STRATEGY (INCLUDING TREASURY MANAGEMENT STRATEGY) 2019/20

*Considered a report of the Head of Finance and Property Services to consider a Capital Strategy, newly required under the Prudential Code, also the Treasury Management Strategy Statement together with the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy for 2019/20, for recommendation to Council (item 10 on the agenda filed with these minutes).*

*Councillor Capleton, Chair of the Overview Scrutiny Group, presented a report detailing the Group's pre-decision scrutiny of the matter (copy filed with these minutes).*

*The Leader wished to thank the Overview Scrutiny Group for its valuable work in undertaking pre-decision scrutiny.*

*The Head of Finance and Property Services assisted with consideration of the report.*

**RESOLVED**

1. *that the Capital Strategy, as set out at Appendix A to the report of the Head of Finance and Property Services, be approved **and recommended to Council**;*
2. *that the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy, as set out in Appendix B to the report of the Head of Finance and Property Services, be approved **and recommended to Council**;*
3. *that the Prudential and Treasury Indicators, also set out in Appendix B to the report of the Head of Finance and Property Services, be approved **and recommended to Council**;*
4. *that the report of the Overview Scrutiny Group be noted.*

Reasons

1. *To enable the Council to comply with the statutory code of practice issued by CIPFA: 'The Prudential Code for Capital Finance in Local Authorities, 2017 Edition'.*
2. *To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement.*



3. *To ensure that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.*
4. *To acknowledge the work undertaken by and the views of the Overview Scrutiny Group."*

#### Implementation Timetable including Future Decisions and Scrutiny

The report of the Head of Finance and Property Services on this matter will be considered by the Audit Committee at its meeting on 26th February 2019.

#### Report Implications

As detailed in the attached Annex.

Key Decision: Yes

Background Papers: [Capital Strategy – Report of the Overview Scrutiny Group submitted on 14th February 2019](#)

[Cabinet Report 13th September 2018 – Updated Treasury Management Practices](#)

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**CABINET – 14TH FEBRUARY 2019****Report of the Head of Finance and Property Services  
Lead Member: Councillor Tom Barkley****Part A****ITEM            CAPITAL STRATEGY (INCLUDING THE TREASURY  
MANAGEMENT STRATEGY) FOR 2019-20****Purpose of Report**

This report introduces the Capital Strategy, which is newly required under the terms of the 'Prudential Code', a statutory code of practice. The report also sets out the Treasury Management Strategy Statement together with the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy. These latter strategies and the MRP policy are integral to the overarching Capital Finance Strategy and are therefore presented within a single report for context.

This Cabinet report recommends the approval of the above strategies to Council.

**Recommendations**

1. That the Capital Strategy, as set out at Appendix A of this report be approved and recommended to Council.
2. That the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy as shown at Appendix B of this report be approved and recommended to Council.
3. That the Prudential and Treasury Indicators, also set out in within Appendix B of this report be approved and recommended to Council.

**Reasons**

1. To enable the Council to comply with the statutory code of practice issued by CIPFA: 'The Prudential Code for Capital Finance in Local Authorities, 2017 Edition'.
2. To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement.
3. To ensure that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.

### Policy Justification and Previous Decisions

The Capital Strategy must be approved by Council on an annual basis. The presentation of a Capital Strategy was optional for the 2018/19 financial year but is a requirement for the 2019/20 and subsequent financial years.

The Treasury Management Strategy Statement, Prudential and Treasury Indicators and Annual Investment Strategy must be approved by Council each year and reviewed half yearly.

### Implementation Timetable including Future Decisions and Scrutiny

This report is available for the consideration of the Overview Scrutiny Group on 11 February 2019.

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

There are no direct financial implications arising from this report.

Financial issues arising from the implementation of the strategies are covered within the report.

#### *Risk Management*

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Risk Management actions planned</i>
Poor treasury investment decisions due to inadequate treasury management strategies in place	Unlikely	Moderate	Strategy developed in accordance with CIPFA guidelines and best practice.  Adherence to clearly defined treasury management policies and practices
Loss of council funds through failure of borrowers	Remote	Severe	Credit ratings and other information sources used to minimise risk  Adherence to clearly defined treasury management policies and practices
Volatile market changes (such as interest rates or sector ratings) occur during year	Possible	Moderate	Approved strategy in place, regular monitoring of position and use of Treasury Consultants and other sources to provide the latest advice.

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Risk Management actions planned</i>
Significant losses arising from investments in non-financial instruments (such as loans to third parties or property investments)	Possible	Major	Professional advice will be sought in advance of non-standard or new investment activity.  Adherence to strategy which set out limits to investment in individual asset classes.

Key Decision: Yes

Background Papers: Cabinet Report 13th September 2018 – Updated Treasury Management Practices

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## **Part B**

### Background

1. The Capital Strategy is a new requirement arising from the extant version of the 'Prudential Code'. This code is a statutory code of practice and was published by the Chartered Institute of Public Financial Accountants (CIPFA) in November 2017. It was issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to 'have regard' to 'such guidance as the Secretary of State may issue'.
2. The Council's treasury management activities also fall within the scope of the Prudential Code.
3. The Capital Strategy forms part of the Council's integrated revenue, capital and balance sheet planning. It sets out the long-term context in which capital expenditure and investment decisions are made, considers risks and rewards and the potential impacts on Council objectives
4. The Capital Strategy is an overarching strategy that encompasses the following aspects:
  - Capital expenditure and governance
  - Capital financing and the borrowing
  - Treasury management investments (essentially financial assets)
  - Commercial strategy – non-financial assets (including commercial properties and prospective housing development)
  - Access to knowledge and skills (enabling the strategy to be delivered)
  - Treasury management policy statement and practices (presented as a separate appendix)
5. The most recent Medium Term Financial Strategy (approved at the Council meeting of 21st January 2019) includes a transformation and efficiency plan that sets out a range of responses to the likely future financial challenges facing the Council. These included a more proactive approach to treasury management, prospective investments in commercial property and development of commercial opportunities. Additionally, a report to Cabinet of 14th January 2019 outlined the Council's aspirations to deliver affordable housing through the mechanism of a Housing Development Company. In order to enable these initiatives new flexibilities in the Council's treasury management and borrowing policies are required.

6. The principal expanded flexibilities are that the Council would be able to make commercial investments, e.g. to provide loans to the Housing Development Company, which would generate investment income for the General Fund. The other main change is that an Minimum Revenue Provision Policy has been included in the Treasury Management Strategy and will require full Council approval
7. Advice has been obtained from the Council's treasury management advisers in developing the above proposals.
8. In addition to those noted above, the Capital Strategy also outlines other flexibilities (and associated governance arrangements) that are likely to be required in future, principally around the prospective acquisition of commercial properties and making commercial investments. These are presented within the Strategy for illustrative purposes. It is envisaged that a further report will be presented to Cabinet in due course setting out final proposals for these flexibilities requesting that these be recommended for approval by Council.
9. As noted above and in Part A, this report also requests that the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy together with the Prudential and Treasury Indicators, be approved and recommended to Council
10. The Treasury Management and Annual Investment Strategy have been prepared in accordance with the revised code and accordingly include:
  - the treasury limits in force which will limit the treasury risk and activities of the council,
  - the Prudential and Treasury Indicators
  - the current treasury position
  - the borrowing requirement
  - prospects for interest rates
  - the borrowing strategy
  - policy on borrowing in advance of need
  - debt rescheduling
  - the investment strategy
  - creditworthiness policy
  - the use of external fund managers and treasury advisers

- Minimum Revenue Provision (MRP) Policy

### Appendices

Appendix A: Capital Finance Strategy

Appendix B: Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy for 2019-20



**Charnwood Borough Council**  
**Capital Strategy**  
**2019 – 2020**



## Foreword

Robust financial planning is a critical component of the Council's overall system of financial management. Although the Capital Strategy is a new requirement that arises from the updated terms of the 'Prudential Code', a statutory code of practice, much of its content reflects the pre-existing management parameters and controls already in place within the Council including, in particular, those which govern our treasury management activities.



However, in many ways the requirement to publish a Capital Strategy is very timely. In the most recent Medium Term Financial Strategy we outlined some the potential financial challenges facing the Council and set out our responses to these within the transformation and efficiency plan that formed part of this document. Our plans include a more proactive approach to treasury management, prospective investments in commercial property and the development of commercial opportunities. Additionally, we have aspirations to deliver affordable housing through the mechanism of a Housing Development Company in order to meet the ongoing demand for new homes within our Borough. Enabling these initiatives require new flexibilities in the Council's treasury management and borrowing policies which are introduced within the Capital Strategy and associated Treasury Management Strategy.

Security and liquidity will remain as key elements of the Council's approach to financial management but the anticipated challenges ahead point us towards a more proactive approach in respect of treasury management, prudent borrowing and commercial opportunities. We have already made changes (for example, our recent investments in property funds) but this inaugural Capital Finance Strategy starts to consider how we could rebalance risk and reward as we continue on this journey.

Councillor Tom Barkley

Cabinet Lead Member for Finance & Property

February 2019

## **CAPITAL STRATEGY (INCLUDING TREASURY MANAGEMENT)**

The purpose of the Capital Strategy is to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:

- **Capital expenditure**; which includes an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
- **Capital financing and borrowing**; provides a projection of the Council's capital financing requirement, how this will be funded and repaid. It therefore sets out the Council's borrowing strategy and explains how it will make prudent revenue provision for the repayment of debt should any borrowing be required.
- **Treasury management investments**; explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.
- **Commercial investments**; provides an overview of those of the Council's current and any potential commercial investment activities that count as capital expenditure, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- **Knowledge and skills**; summarises the knowledge and skills available to the Council and provides confirmation that these are commensurate with the Council's risk appetite. Further details are provided in the following sections.
- **Treasury management policy statement and practices**; this is presented as a separate report, for approval, updates to the Council's Treasury Management Policy Statement and to its Treasury Management Practices. These set out the Council's policies, objectives and approach to risk management of its treasury management activities, and the manner in which it seeks to achieve its policies and objectives for treasury management.

### **1. Capital expenditure**

#### **1.1. Capitalisation policies**

1.1.1. Capital expenditure involves acquiring or enhancing non-current assets with a long-term value to the Council, such as land, buildings, and major items of plant and equipment or vehicles, as well as the contribution or payments of grants to others to be used to fund capital expenditure. Capital assets shape the way services are delivered for the long term and may create financial commitments for the future in the form of financing costs and revenue running costs. Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria below are met.

1.1.2. Expenditure is classified as capital expenditure when the resulting asset:

- Will be held for use in the delivery of services, for rental to others, or for administrative purposes; and
  - Is of continuing benefit to the Council for a period extending beyond one financial year.
- 1.1.3. There may be instances where expenditure does not meet this definition, but would nevertheless be treated as capital expenditure. This is known as 'Capitalisation' and it is the means by which the Government, exceptionally, permits local authorities to treat revenue costs as capital costs. It allows exceptional revenue costs, that should be met from revenue resources to be treated as capital expenditure. Permission is given through capitalisation directions, which the Secretary of State can issue under section 16(2)(b) of the Local Government Act 2003.
- 1.1.4. The Council operates a de-minimis limit of £10,000 for capital expenditure. This means that items below this limit are charged to revenue rather than capital.

## **1.2. Governance**

- 1.2.1. A three year Capital Plan is prepared by officers and approved by Council. The process to formulate the Capital Plan is that, potential schemes are submitted to the SMT, each one of which is supported by a Capital Application form and scored by the relevant Head of Service. The SMT peer review the applications and then, via the Head of Finance & Property, submit a report to Cabinet covering its recommendations on which schemes to include in the Plan, how the Plan could be funded and other elements such as risk and compliance with the Prudential Code.
- 1.2.2. Once adopted the three year Capital Plan is formally reviewed by Cabinet at the end of year two when Heads of Service are asked to submit proposals for the following three years. 'Year three' of the current plan would then become 'year one' of the new plan.
- 1.2.3. New schemes can only be added outside of this procedure where they are in substitution of existing schemes or have a separate source of funding so that the actual total level of the Plan would not increase.
- 1.2.4. All schemes of £50,000 in value or greater require a Capital Appraisal agreed by the Capital Programme Team plus all contracts must adhere to the Contract Procedure Rules. The s151 Officer makes recommendations to Cabinet as to whether funding should be released to a scheme included in the Capital Plan.
- 1.2.5. After the end of the financial year a report detailing the total amount of capital expenditure incurred during the year is submitted to Cabinet by the Section 151 Officer.
- 1.2.6. Prior to the closure of the Council's accounts a report detailing the proposed method of funding the capital expenditure incurred is submitted to Cabinet by the Section 151 Officer as required by the Local Government & Housing Act 1989.

### Current Three Year Capital Plan

- 1.2.7. The Capital Plan for 2018/19 - 2020/21, is currently £31,450,800 (originally adopted by Council on 26th February 2018 with the latest amendments approved by Cabinet at its meeting on 13th December 2018). The Capital Plan is fully funded by a combination of the following sources:
- 1.2.8. Capital grants and contributions - amounts awarded to the Council in return for past or future compliance with certain stipulations.
- 1.2.9. Capital receipts – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- 1.2.10. Revenue contributions – amounts set aside from the revenue budget.
- 1.2.11. In addition to this the Council also has the option to borrow to fund capital expenditure. At this point in time the Council has taken any borrowing to fund General Fund capital expenditure. The Council has taken out borrowing to fund the purchase of its housing stock from the Government under the 2012 Self-Financing Regime. This totals £79m.
- 1.2.12. Borrowing allows the Council to defer the funding of its capital expenditure so that it does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.
- 1.2.13. The implications of financing capital expenditure from 'borrowing' are explained later on in Treasury Management Investments.

## **2. Capital Financing Requirement and Borrowing Context**

- 2.1. The Council is required by regulation to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans. Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.
- 2.2. The full details of the Council's CFR position and the limits that have been set for borrowing and all the associated prudential indicators are provided In the Treasury Management Strategy Statement (Appendix B).

## **3. Treasury Management Investments**

- 3.1. The Treasury Management Code and statutory regulations require the Council to prepare an annual strategy that explains how the Council will invest its funds, giving priority to security and liquidity, and then to yield. This Annual Investment Strategy can be found in the Treasury Management Strategy Statement (Appendix B).

## **4. Commercial investments**

- 4.1. The prolonged low interest rate environment has meant that treasury management investments have not generated significant returns. However, the

introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.

- 4.2. CIPFA recently issued an update to its Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code). One of the main changes introduced by the new Code is to require authorities to incorporate all of the financial and non-financial assets held for financial return in authorities' annual capital strategies.
- 4.3. Separately, the Ministry of Housing, Communities and Local Government has issued Statutory Guidance on Local Government Investments under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018
- 4.4. The primary objectives of commercial investment activities for a council should be:
  - Security – to protect the capital sums invested from loss; and
  - Liquidity – ensuring the funds invested are available for expenditure when needed.
- 4.5. The generation of a yield is distinct from the two objectives above. However, once proper levels of security and liquidity are determined, it would then be reasonable to consider what yield can be obtained consistent with these priorities.
- 4.6. At present the non-core activities and investments are primarily undertaken by the Council in order to generate income to support the delivery of a balanced budget. Such investments are only entered following a full assessment of the risks and having secured expert external advice (i.e. where it is relevant to do so). It is intended that separate reports to present a policy on commercial investment will be brought to Cabinet and full Council for consideration and approval. This will discuss the options open to the Council along with the risks and benefits for each. It will also include proposals on limits, diversification and governance. Each policy, as approved will then be incorporated as part of this Capital Strategy and will in future years be reviewed annually as part of this strategy.
- 4.7. Below are details of some options open to the Council that would generate a yield for the Council. The details below are indicative of options that will be considered and are provided for information only. They are not for approval at this stage.

#### **Investment properties**

- 4.7.1. The Council already owns land and buildings that have been acquired for capital appreciation and/or solely to earn rentals, rather than for the supply of goods or services or for administrative purposes. Such assets are classified as investment properties (unless they are acquired as the outcome of a regeneration priority).

4.7.2. In considering its approach to investment properties the Council will need to consider the application of parameters including:

- Maximum and minimum cost of prospective acquisitions
- The maximum proportion of the Council's investment assets that should be held in the form of investment properties
- The balance of property assets held with different sectors of the market; for example, an approach might be agreed that excludes retail property acquisitions
- The geographical limits on prospective acquisitions; for example, acquisitions could be limited to sites within the Borough, within the area of the Local Economic Partnership, or unrestricted
- Whether properties are acquired purely on commercial grounds or whether other policy objectives, such as regeneration, should also be taken into account
- The required rental yield from properties held for investment, and whether different yield hurdle rates be applied to prospective acquisitions fulfilling non-financial policy objectives

4.7.3. As noted above in paragraph 4.6, it is envisaged that a further report would be brought to Cabinet and then Council prior to commencing commercial property investment. In addition to addressing the above parameters this would address the requirements for specific knowledge and skills, and the governance structure that would support this activity given the need to make investment decisions that do not lend themselves to the standard committee cycles.

#### **Loans to local enterprises and third parties**

4.7.4. Loans to local enterprises or partner public sector bodies could be considered, as part of a wider strategy for local economic growth, even though they may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity. Such loans could be considered as an option to generate a yield. There would need to be a set of criteria drawn up which would need to be met before any loan was given. These might include:

- Whether or not the loan has security
- The term of the loan
- The profile of capital repayments
- The credit rating of the counterparty

#### **Support to Subsidiaries**

4.7.5. The Council does not currently have any wholly owned local trading or housing companies. Should the Council decide to form a subsidiary then

Council could decide to provide the funding required to support these organisations. As with providing loans to local enterprises and third parties there would need to be a set of criteria drawn up which would need to be met before any loan was given. This would mitigate the risk of loss to the Council.

### **Other commercial investments**

4.7.6. There may be other commercial investment opportunities that present themselves. If this happens then a report would be presented to Cabinet for approval and the Capital Strategy will be updated to cover their inclusion.

## **5. Knowledge and Skills**

5.1. The Council recognises the importance of ensuring that all officers involved in the treasury management function (including commercial investment activities) are fully equipped to undertake the duties and responsibilities allocated to them. The Strategic Director for Corporate Services is responsible for recommending and implementing the necessary arrangements and does this by:

- Appointing individuals who are capable and experienced.
- Providing training and technical guidance to all individuals involved in the delivery of the treasury management function to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them.
- Appointing a treasury management advisor and other professional advisors when required. This ensures that the individuals involved in delivery of the Council's treasury management activities have access to specialist skills and resources. In addition, professional advisors are employed as required to ensure that the Council has access to the specialist skills and resources necessary to undertake commercial investment activities.

5.2. Treasury management advisors - The Council employs Link Asset Services (Treasury Solutions) to provide it with treasury management advice. The services provided by Link Asset Services (Treasury Solutions) include advice on treasury matters and capital finance issues, economic and interest rate analysis and creditworthiness information. Notwithstanding this, the final decision on all treasury matters remains vested with the Council. The services received from Link Asset Services (Treasury Solutions) are subject to regular review, including through periodic re-tendering.

## **6. Treasury management Policy Statement and Treasury Management Practices**

6.1. The Council's Treasury Management Policy Statement and its Treasury Management Practices have been updated to reflect the requirements of the updated Treasury Management Code. They are presented for approval in the Treasury Management Strategy (Appendix B)

# **Charnwood Borough Council**

## **Treasury Management Strategy Statement**

Minimum Revenue Provision Policy Statement  
and Annual Investment Strategy

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**2019/20**



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## 1. INTRODUCTION

### 1.1 Background

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

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

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

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

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

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

## **1.2 Reporting requirements**

### **Capital Strategy**

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

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

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

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-financial investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-financial investment sustains a loss during in a financial year, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

### **Treasury Management reporting**

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

**Prudential and treasury indicators and treasury strategy** (this report) - The first and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid-year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee and the reports are also available for consideration by the Overview Scrutiny Group.

## **1.3 Treasury Management Strategy for 2019/20**

The strategy for 2019/20 covers two main areas:

### **Capital issues**

- Capital plans and prudential indicators;
- Minimum revenue provision (MRP) policy.

### **Treasury management issues**

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

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

## **1.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Suitable training is provided for members on a periodic basis as part of the wider Member training programme. Officers are also available to train and advise members on

an ad hoc basis outside of this programme if required. The training needs of treasury management officers are reviewed annually as part of the PDR process

## 1.5 Treasury management consultants

The Council uses Link Asset Services Treasury Solutions as its external treasury management advisors in order to acquire access to specialist skills and resources, including a benchmarking club. However, it is recognised that responsibility for treasury management decisions remains with the Council at all times and undue reliance is therefore not placed upon our external service providers.

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

The scope of investments within the Council's operations may include both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties in the future. The commercial type investments require specialist advisers, and the Council would appoint suitably qualified specialist advisers in relation to this activity when required.

## 2. THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22

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

### 2.1 Capital expenditure

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

<b>Capital expenditure</b>	<b>2017/18 Actual £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
<b>Non-HRA</b>	3,275	4,894	3,587	2,088
<b>HRA</b>	6,465	7,566	7,554	5,766
<b>Total</b>	9,740	12,460	11,141	7,854

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

<b>Financing of capital Expenditure</b>	<b>2017/18 Actual £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>

Total as per above table	9,740	12,460	11,141	7,854
<b>Financed by:</b>				
Capital receipts	141	1,902	2,179	1,173
Capital grants	2,275	2,130	1,590	1,058
Capital reserves	0	1,015	557	0
Revenue/MRR	6,964	7,413	6,815	5,623
<b>Net financing need for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

The CFR will not increase indefinitely if expenditure is funded by borrowing, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so changes the economic consumption of capital assets as they are used.

It should be noted that the Council has only taken borrowing to fund the HRA Self-financing. This means that the CFR is not forecast to increase, nor is there any reduction as there is no requirement to make a revenue provision to repay debt. This can be seen in the table below and the Council is asked to note the CFR projections in the table below.

	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
<b>Capital Financing Requirement</b>					
CFR – non housing	(248)	(248)	(248)	(248)	(248)
CFR – housing	81,820	81,820	81,820	81,820	81,820
<b>Total CFR</b>	<b>81,572</b>	<b>81,572</b>	<b>81,572</b>	<b>81,572</b>	<b>81,572</b>
<b>Movement in CFR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	0	0	0	0	0
<b>Movement in CFR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **2.3 Minimum revenue provision (MRP) policy statement**

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

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

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

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £0m.

The Council currently has no capital financing requirement for the General Fund and therefore does not need to make a MRP provision. As the Council is likely to fund capital expenditure from borrowing in the near future and as there is a statutory requirement to have an approved MRP Statement in place in advance of each year, an MRP policy has been included in this Treasury Management Strategy as Appendix 12B(2). Council is asked to adopt and approve the MRP policy statement.

### **2.4 Core funds and expected investment balances**

The use of resources (capital receipts, reserves etc.) to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

The proposed Capital Plan, which runs through to March 2021 and is fully funded from capital receipts, reserves and revenue funding. Any new proposals for additional capital or investment expenditure will require a business plan and will be considered on their merits and the availability of funding. The funding position is regularly reviewed and any need to borrow externally will be considered. If this requires a revision of this Treasury Management Strategy in year it will be brought back to full Council for approval.

### 3 BORROWING

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

#### 3.1 Current portfolio position

One of the key indicators is that the Council's gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This is to ensure that the Council conducts its activities within well-defined limits. Also the indicator allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The table below shows the forward projections for external debt against the underlying need to finance capital expenditure through borrowing or other long term liabilities, i.e. the CFR, highlighting any over or under borrowing.

	<b>2017/18 Actual £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
External Debt at 1 April	81,190	81,190	81,190	81,190
Expected change in Debt	0	0	0	0
<b>Actual debt at 31 March</b>	81,190	81,190	81,190	81,190
<b>Capital Financing Requirement</b>	81,572	81,572	81,572	81,572
<b>Under/(over) borrowing</b>	382	382	382	382

The table shows that the Council has complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the 2019/20 budget report. Within the above figures there is no debt that relates to commercial activities/non-financial investment.

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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



### 3.2 Treasury Indicators: limits to borrowing activity

#### The operational boundary.

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

Operational boundary	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Debt	81,190	81,190	81,190	81,190
Commercial Activities/Non-financial investments	0	0	0	0
Other long term liabilities	0	0	0	0
<b>Total</b>	<b>81,190</b>	<b>81,190</b>	<b>81,190</b>	<b>81,190</b>

#### The authorised limit for external debt.

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

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

It should be noted that the authorised limit (as shown in the table below) has been set based on the current capital expenditure and funding plans. If the Council decides to take forward any commercial investment plans then the authorised limit will need to be reviewed to ensure that the maximum level of borrowing that the Council can take is not exceeded. Any change to the authorised limit will need approving by full Council.

The Council is asked to approve the following authorised limit:

Authorised limit	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Debt	96,000	96,000	96,000	96,000
Commercial Activities/Non-financial investments	0	0	0	0
Other long term liabilities	0	0	0	0
<b>Total</b>	<b>96,000</b>	<b>96,000</b>	<b>96,000</b>	<b>96,000</b>

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. The maximum HRA CFR cannot be greater than the HRA debt cap. The difference between the two is known as the HRA headroom and it equates to borrowing that the HRA can still take. This limit is currently:

HRA Debt Limit	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
HRA debt cap *	88,770	88,770	88,770	88,770
HRA CFR	81,820	81,820	81,820	81,820
HRA headroom	6,950	6,950	6,950	6,950

\* Abolition of HRA debt cap - In October 2018, the Prime Minister announced a policy change of abolition of the HRA debt cap. The Chancellor announced in the Budget in November that the applicable date was 29 October 2018. At this stage the detail behind the announcement is not yet known, but the Council welcomes this change in policy and would probably take advantage of the new freedom in the future.

### 3.3 Prospects for interest rates

The Council has appointed Link Asset Services (formerly Capita Asset Services) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and commentary gives Links view on interest rate prospects.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The generally positive economic statistics for the first half of 2018 meant that the MPC decided to increase the Bank Rate from 0.5% to 0.75% on 2 August 2018, (the first increase in above 0.5% since the financial crash). Due to growth slowing significantly during the last quarter at their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US

Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

### **3.4 Investment and borrowing rates**

Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### **3.5 Borrowing strategy**

As a result The Council is currently maintaining an under-borrowed position overall. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt. Instead cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is

prudent as investment returns are at an historic low and counterparty risk is still an issue that needs to be considered. Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Council will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances both internally and externally.

If the Council wishes to invest in commercial property it is likely that this will be funded by external borrowing in the long term. Although in the short to medium term the Council is able to temporarily utilise its cash balances as a short to medium term alternative to external borrowing i.e. internally borrow. This is considered to be an effective strategy at present as:

- It enables the Council to avoid significant external borrowing costs in the short to medium term (i.e. making it possible to avoid net interest payments); and
- It mitigates the risks associated with investing cash.

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

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

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

### **3.7 Debt rescheduling**

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

The reasons for any rescheduling to take place will include:

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

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

The Council currently has one long term variable rate debt which matures in 2024 and it carries a current interest rate of 11.625%. The cost of replacing this debt is prohibitive and this position is unlikely to change in the next three years.

The £79.19m of HRA debt is at fixed interest rates and the twenty four loans are repayable from 2024 to 2061. Their maturity dates are set to match income and

expenditure levels in the HRA Business Plan and they will be reviewed in line with that plan. However, the primary objective of the plan over the next few years is to invest in the Council's housing stock and this position is not expected to change in the near future. Therefore these debts are unlikely to be rescheduled over the next three years. All rescheduling will be reported to the Cabinet at either the half year or full year report stage.

### 3.8 Municipal Bond Agency

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLb). This Authority may make use of this new source of borrowing as and when appropriate.

## 4. ANNUAL INVESTMENT STRATEGY

### 4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018
- The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 12B (3) under the categories of 'specified' and 'non-specified' investments.
  - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to a total of £25m, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

#### **Changes in risk management policy from last year.**

The above criteria are unchanged from last year.

Investment instruments identified for use in the financial year are listed in appendix 12B (3) under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

## 4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Dark pink	Up to 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink	Up to 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple	Up to 2 years
Blue	Up to 1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	Up to 1 year
Red	Up to 6 months
Green	Up to 100 days
No colour	not to be used

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

### **UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.



### 4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch, other than the UK where the Council has set no limit. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 12B (4). This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

### 4.4 Investment strategy

In-house funds - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow (amend as appropriate), where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

#### Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	<b>Now</b>
2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.50%

The overall balance of risks to economic growth in the UK is probably neutral.

The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively

Additionally the Council has loans to other Local Authorities and has invested in two property funds in 2018/19 following a selection process assisted by our Treasury Advisors Link. Both of these investment types are for periods of greater than 365 days and it is anticipated that returns on investments will be above the rates shown for the proportion of funding invested for these longer periods. Potential sums to be invested in this way are given below and the current snapshot of investments held for over 365 days is shown in Appendix 12B (6).

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

<b>Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Principal sums invested >	£25m	£25m	£25m

#### **4.5. Investment risk benchmarking**

This Council will use an investment benchmark to assess the investment performance of its investment portfolio. For cash investments this will be the 3 month London Interbank Bid Rate (LIBID) which matches the weighted average time period of our current cash investments. Should the Council invest in Property Funds an appropriate additional benchmark will be added to measure the performance of these investments. This will be reported in the next available treasury report to Members.

#### **4.6 End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## **APPENDICES FOR APPENDIX 12B**

- 12B (1). Economic Background
- 12B (2). Minimum Revenue Provision Policy
- 12B (3). Treasury management practice 1 – credit and counterparty risk management
- 12B (4). Approved Countries for Investment
- 12B (5). Approved Brokers for investments
- 12B (6). Current Investments as at 18 January 2018
- 12B (7). Treasury management scheme of delegation
- 12B (8). The treasury management role of the section 151 officer

**ECONOMIC BACKGROUND**

**GLOBAL OUTLOOK.** **World growth** looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

**KEY RISKS - central bank monetary policy measures**

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their

holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected. However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus. In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further. Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

**UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as

consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.1% in November so that may prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The

MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

**EZ.** Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.1% y/y), 0.7% in quarter 2 (2.4% y/y) and +0.6% in quarter 3 (2.6% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in November inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

**USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and

quarter 3 coming in at 3.2%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and four increases since December 2016; the latest rise was in December 2017 and lifted the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non- performing loans in the banking and credit systems.

**JAPAN.** GDP growth has been gradually improving during 2017 to reach an annual figure of 2.1% in quarter 3. However, it is still struggling to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## **Brexit timetable and process**

### **Brexit timetable and process**

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 15.1.19 Brexit deal defeated in the Commons vote by a large margin
- By 29.3.19 second vote (?) in UK parliament
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 Either the UK leaves the EU, or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament has been unable to agree on a Brexit deal.
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020.**
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.



- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

**Minimum Revenue Provision (MRP) Policy**

1. The council is required to pay off an element of the accumulated General Fund borrowing each year through a revenue charge (the MRP), and is also allowed to undertake additional voluntary payments (VRP).
2. MHCLG Regulations have been issued which require full council to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision.
3. Council is recommended to approve the following MRP Statement:

For capital expenditure incurred:

(A) Before 1st April 2008 or which in the future will be Supported Capital Expenditure including the Adjustment A, the MRP policy will be to charge MRP on an annuity basis so that there is provision for the full repayment of debt over 50 years;

(B) From 1st April 2008 for all unsupported borrowing (excluding finance leases) the MRP policy will be to charge MRP on an annuity basis so that there is provision for the full repayment of debt over the life of the asset; Asset life is deemed to begin once the asset becomes operational. MRP will commence from the financial year following the one in which the asset becomes operational.

(C) MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the statutory guidance.

(D) Expenditure in respect of loans made to the council's wholly owned subsidiaries will not be subject to a minimum revenue provision as the council will have undertaken sufficient due diligence to expect these loans will be repaid in full to the council by a capital receipt either during the loan agreement term or at the end of the agreement. Therefore the council considers that it can take a prudent view that the debt will be repaid in full at the end of the loan agreement (or during if it is an instalment loan), so MRP in addition to the loan debt repayments is not necessary.

(E) Loans awarded to third parties for capital purposes - where the Council gives a loan to a third party towards expenditure which would, if incurred by the Council, be capital expenditure, the amounts paid out count as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of the Council's Capital Financing Requirement. When the Council receives the repayment of an amount loaned, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).

(F) Investment properties - where expenditure is incurred to acquire properties meeting the accounting definition of investment properties, the Capital Financing Requirement will increase by the amount expended. Where the Council will subsequently recoup the amount expended (e.g. via the sale of an asset), the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the fair value of the properties falls below the amount expended).

This is subject to the following details:

- An average asset life for each project will normally be used. There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Chief Finance Officer. A standard schedule of asset lives will generally be used (as stated in the Statement of Accounts accounting policies).
- MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets when expenditure is being financed from borrowing the MRP will be deferred until the year after the asset becomes operational.
- Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Chief Finance Officer.
- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. Transitional arrangements with respect to depreciation, revaluation and impairments; put in place at 1 April 2012 were due to expire on 31 March 2017. However the Item 8 determination released on 24 January 2017 has extended indefinitely the ability to charge depreciation, revaluations and impairments to the HRA but reverse in the Movement in Reserves Statement.
- Repayments included in annual finance leases are excluded from MRP as they are deemed to be a proxy for MRP.

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £0m.

## APPENDIX 12B(3)

### TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year** with the exception of other Local Authorities which have a maximum of 2 years and investments in Property Funds which are longer-term investments. All investments will meet the minimum 'high' quality criteria where applicable.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	Unlimited	6 months
UK Government gilts	UK sovereign rating	Unlimited	12 months
UK Government Treasury bills	UK sovereign rating	Unlimited	12 months
Bonds issued by multilateral development banks	AAA	Unlimited	6 months
Money Market Funds (CNAV, LVAV & VNAV)	AAA	£7m any one institution and £18m in total	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£7m any one institution and £18m in total	Liquid
Local authorities	N/A	£5m any one institution and £20m in total	24 months
Property Funds	N/A	£5m in total	20 Years
Term deposits with banks and building societies	Purple	£8m any one institution and £12m in total	Up to 12 months
	Blue	£7m any one institution and £12m in total	Up to 12 months
	Orange	£8m any one institution and £20m in total	Up to 12 months
Term deposits with banks and building societies	Red	£8m any one institution and £40m in total	Up to 6 Months
	Green	£6m any one institution and £20m in total	Up to 100 days
	No Colour	Nil	Not for use

**Non Specified Investments:** In light of the current and forecast low interest rates on specified investments the Council included the opportunity to invest in established Property Funds run by Fund Managers in a previous Treasury Management Strategy. These funds are longer term investments (typically 2-5 years) and give potentially higher returns than more liquid investment categories. Investments totaling £5m have been made in Property Funds in 2018. These investments will still form part of the £25m limit for investments of over 365 days duration, which is felt to be affordable within the Councils available reserves and balances.

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**APPROVED COUNTRIES FOR INVESTMENTS**

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

**AAA**

Australia  
Canada  
Denmark  
Germany  
Luxembourg  
Netherlands  
Norway  
Singapore  
Sweden  
Switzerland

**AA+**

Finland  
U.S.A.

**AA**

Abu Dhabi (UAE)  
France  
Hong Kong  
U.K.

**AA-**

Belgium  
Qatar

**List of Approved Brokers for Investments**

The list below represents approved brokers that the Council will use to facilitate its investment strategy when necessary;

King and Shaxson

Tradition (UK) Ltd

RP Martin

Link Asset Services Agency Treasury Services

**APPENDIX 12B (6)****Current Investments as at 17th January 2019 (for information only).**

For illustrative purposes only the Council's investments as at 17th January 2019 are set out below. Please note that these investments alter on a daily basis.

<b>Institution</b>	<b>Colour</b>	<b>Amount £m</b>	<b>Maturity Date</b>
Liverpool City Council	N/A	2,000	25/01/2019
Bournemouth Borough Council	N/A	2,000	27/09/2019
Wyre Forest District Council	N/A	2,000	09/10/2020
Sumitomo Mitsui Banking Corporation Europe	Red	2,000	12/02/2019
Sumitomo Mitsui Banking Corporation Europe	Red	2,000	18/03/2019
Close Brothers	Red	2,000	26/04/2019
Nationwide Building Society	Red	5,000	08/07/2019
Standard Chartered Bank	Red	8,000	35 Days
Bank of Scotland	Orange	8,000	95 Days
HSBC Bank	Orange	5,000	3 Months
Santander	Orange	3,000	180 Days
Money Market Funds	AAA Rated	17,090	1 Day
Property Funds	N/A	5,000	
<b>TOTAL</b>		<b>63,090</b>	



**TREASURY MANAGEMENT SCHEME OF DELEGATION**

**(i) Council**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

**(ii) Cabinet**

- approval of/amendments to the organisation's adopted clauses, treasury management policy
- statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing monitoring reports and acting on recommendations;

**(iii) Audit Committee/Overview Scrutiny Board**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

**The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non- financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above

## COUNCIL – 25TH FEBRUARY 2019

### Report of the Cabinet

#### ITEM 6.3 COUNCIL TAX – AMENDMENTS TO EMPTY HOMES PREMIUM AND EXEMPTIONS

##### Purpose of Report

To set out amendments to the Empty Homes Premium and to relief offered on properties which are unoccupied, unfurnished and uninhabitable, also the introduction of a Care Leavers Policy to offer Council Tax Relief, for consideration and approval.

##### Recommendations

1. that the proposed amendments to the Council Tax Empty Homes Premium and the relief offered on properties which are unoccupied, unfurnished and uninhabitable, and the dates of introduction of amendments, as set out below, be approved:

##### *Empty homes Premium*

Length of time property empty	Additional Premium
2 - 5 years (introduce from 2019)	100%
5 - 10 years (introduce from 2020)	200%
10 years+ (introduce from 2021)	300%

##### *Unoccupied, unfurnished and uninhabitable properties*

Amend current discount for properties which are unoccupied, unfurnished and uninhabitable from 50% for 12 months to 100% for 6 months – effective from 1st April 2019.

2. that the introduction of the Charnwood Care Leavers Policy, as set out in Appendix A of the report of the Head of Customer Experience, attached as an Annex, be approved.

##### Reasons

1. To increase the incentives for bringing empty properties back into use from 1st April 2019.
2. To facilitate the introduction of the Charnwood Care Leavers Policy from 1st April 2019, to support those leaving the care system and moving to independent living in line with all other Local Authorities in Leicestershire.

##### Policy Justification and Previous Decisions

Policy justification detailed in the attached Annex.

At its meeting on 14th February 2019, the Cabinet considered a report of the Head of Customer Experience setting out amendments to the Empty Homes Premium and to relief offered on properties which are unoccupied, unfurnished and uninhabitable, also the introduction of a Care Leavers Policy to offer Council Tax Relief, for recommendation to Council. A copy of that report is attached as an Annex.

The following minute extract details Cabinet's consideration of the matter:

**"85. COUNCIL TAX - AMENDMENT TO THE EMPTY HOMES PREMIUM AND EXEMPTIONS**

*Considered a report of the Head of Customer Experience to consider amendments to the Empty Homes Premium and to relief offered on properties which are unoccupied, unfurnished and uninhabitable, also the introduction of a Care Leavers Policy to offer Council Tax relief, for recommendation to Council (item 8 on the agenda filed with these minutes).*

*The Head of Customer Experience assisted with consideration of the report.*

**RESOLVED**

1. *that the proposed amendments to the Council Tax Empty Homes Premium and the relief offered on properties which are unoccupied, unfurnished and uninhabitable, and the dates of introduction of amendments, as set out below, **be recommended to Council:***

*Empty homes Premium*

<b>Length of time property empty</b>	<b>Additional Premium</b>
2 - 5 years (introduce from 2019)	100%
5 - 10 years (introduce from 2020)	200%
10 years+ (introduce from 2021)	300%

*Unoccupied, unfurnished and uninhabitable properties*

*Amend current discount for properties which are unoccupied, unfurnished and uninhabitable from 50% for 12 months to 100% for 6 months – effective from 1st April 2019;*

2. *that the introduction of the Charnwood Care Leavers Policy, as set out in Appendix A of the report of the Head of Customer Experience, **be recommended to Council.***

**Reasons**

1. *To increase the incentives for bringing empty properties back into use from 1st April 2019.*
2. *To facilitate the introduction of the Charnwood Care Leavers Policy from 1st April 2019, to support those leaving the care system and moving to independent living in line with all other Local Authorities in Leicestershire."*

### Implementation Timetable including Future Decisions and Scrutiny

The dates from which the changes would be effective are set out in the above recommendations and reasons.

### Report Implications

As detailed in the attached Annex.

Key Decision: Yes

Background Papers: As detailed in the attached Annex.

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**CABINET - 14TH FEBRUARY 2019****Report of the Head of Customer Experience  
Lead Member: Councillor Tom Barkley****Part A****ITEM            COUNCIL TAX – AMENDMENT TO THE EMPTY HOMES  
PREMIUM AND EXEMPTIONS****Purpose of Report**

This report asks Cabinet to recommend to Council the following proposed changes to the Council's local arrangements for council tax billing and relief:

- An amendment to the current Empty Home Premium taking advantage of new Government Legislation, together with an amendment to the relief offered on properties which are unoccupied, unfurnished and uninhabitable.
- Introduction of a 'Care Leavers Policy' which will offer council tax relief for this vulnerable group.

**Recommendations**

1. That Cabinet recommend to Council the proposed amendments to the Council Tax Empty Homes Premium and the relief offered on properties which are unoccupied, unfurnished and uninhabitable, and the dates of introduction of amendments, as set out below:

*Empty homes Premium*

<b>Length of time property empty</b>	<b>Additional Premium</b>
2 - 5 years (introduce from 2019)	100%
5 - 10 years (introduce from 2020)	200%
10 years+ (introduce from 2021)	300%

*Unoccupied, unfurnished and uninhabitable properties*

Amend current discount for properties which are unoccupied, unfurnished and uninhabitable from 50% for 12 months to 100% for 6 months – effective from 1 April 2019.

2. That Cabinet recommend to Council the introduction of the Charnwood Care Leavers Policy as set out in Appendix A of this report.

## Reasons

1. To increase the incentives for bringing empty properties back into use from 1<sup>st</sup> April 2019.
2. To facilitate the introduction of the Charnwood Care Leavers Policy from 1<sup>st</sup> April 2019 to support those leaving the care system and moving to independent living in line with all other Local Authorities in Leicestershire.

## Policy Justification and Previous Decisions

In November 2016 Cabinet approved the recommendation to introduce an Empty Homes Premium of 150% (Cabinet 17 November 2016, minute 63 refers). The principle aims of introducing the Empty Homes Premium was to bring empty properties back in to use. Empty homes are not just a problem in Charnwood but nationally and are a wasted resource. Given the acute need for housing it is vital that every effort is made to bring such properties back into use at the earliest opportunity.

The Government have made some changes to the extant Council Tax regulations (derived from the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018) that allows for additional premiums to be charged for empty homes, particularly those that have been standing empty for long periods of time. The Council has considered the additional powers granted and how these can be further utilised to support the Councils aim of bringing homes back into use.

In addition, it has considered changes to existing exemptions and whether any changes to the current rules could further encourage empty properties to be brought back into use more quickly.

The Council has been working with all Leicestershire authorities to consider how best to support care leavers once they leave the system at age 18. A county wide agreement has been agreed which will offer an exemption scheme for those leaving care, offering 100% discount for all care leavers until they reach the age of 25.

## Implementation Timetable including Future Decisions and Scrutiny

If approved, it is anticipated that all changes will be implemented with effect from 1<sup>st</sup> April 2019.

## Report Implications

The following implications have been identified for this report.

### *Financial Implications*

Introduction of the increased rates for the Empty Homes premiums of 100% (2 years+ empty), 200% (5+ years empty), 300% (10+ years empty) would generate annual gross billings in the order of £334,000, being £23,000 for this Council and £311,000 for the major preceptors (Leicestershire County Council, Police and the Fire Authority).

However, it should be noted that there could be some small additional administration costs (which are borne by this Council) and bad debt charges are likely to be incurred on the introduction of the higher Empty Home Premium.

In relation to the introduction of the Care Leavers Policy. Based on current estimates of Care Leavers within Charnwood Borough provided by Leicestershire County Council it is anticipated that the approximate cost (based on the annual charge for a band B property £1,321.14) would be £40,000 per annum with this Council's share being £2,800 and the other major preceptors covering the remaining £37,200.

Overall, it is anticipated that these changes will have a small positive impact on the Council's financial position.

### *Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Administration costs and bad debt charges offset the financial benefits of increasing the empty homes premium	Possible	Minor	Based on the current charges it is anticipated that management actions will mitigate any increased costs

### *Equality and Diversity*

Introduction of the amended Empty Homes Premium and new Care Leavers Policy would generally have a neutral impact of equality and diversity in Charnwood. An Equalities Impact Assessment has been prepared and is attached as Appendix B to this report.



Key Decision:	Yes
Background Papers:	Council Tax Consultation
Officers to contact:	Karey Barnshaw Head of Customer Experience 01509 634923 <a href="mailto:karey.barnshaw@charnwood.gov.uk">karey.barnshaw@charnwood.gov.uk</a>  Simon Jackson Strategic Director for Corporate Services 01509 634699 <a href="mailto:simon.jackson@charnwood.gov.uk">simon.jackson@charnwood.gov.uk</a>

## Part B

### Background

#### Empty Homes Premium

1. In November 2016 Cabinet approved a recommendation to Council introduce an Empty Homes Premium of 150%. The current Council Tax legislation enables local authorities to charge a premium of 50% to the Council Tax on dwellings that are unoccupied and substantially unfurnished for 2 years or more. It has been estimated that there are approximately 500 empty homes within Charnwood of which 153 have been empty for more than 2 years.
2. The principle aim of introducing the Empty Homes Premium was to bring empty properties back in to use. Empty homes are not just a problem in Charnwood but nationally and are a wasted resource. Long term empty properties have a detrimental impact on the communities in which they are located and often cause problems for neighbours. Bringing them back into use can improve the quality of life in those communities, while also increasing the availability of affordable homes. Given the acute need for housing it is vital that every effort is made to bring such properties back into use at the earliest opportunity.
3. Since the introduction of the Empty Homes Premium in 2017 the Government has approved some amendments to the existing legislation that allows for additional premiums to be charged for empty homes, particularly those that have been standing empty for long periods of time. The amendments mean the following scale of charges could be introduced:
  - 100% extra (for properties empty for 2-5 years)
  - 200% extra (for properties empty for 5-10 years) [commencing in 2020]
  - 300% extra (for properties empty for 10+ years) [commencing in 2021]

In other words, council tax-payers may be required to pay 200% of the standard bill after two years; 300% of the standard bill after five; and 400% after ten.

4. The purpose of implementing these additional premiums would be to reduce the number of empty homes by providing an incentive bringing these long standing empty homes back in to use more quickly.
5. In addition, from a financial perspective there would be a small increase in revenue to the Council as set out below:

Annual gross billing - Approx. £334,000, split as follows:  
Charnwood Borough Council - £23,000 for this Council

Leicestershire CC, Police and the Fire Authority - £311,000

It is however expected that some of this debt maybe more difficult to collect particularly on properties that have been empty for a very long period and where the charges will increase to 400% which may require more administrative work to recover this debt.

6. To understand our residents view on the proposed changes a public consultation was conducted. The consultation ran for a period of 6 weeks until the 6<sup>th</sup> January 2019 and had 134 respondents. All residents who own an empty home were written to directly asking for their views. A copy of the consultation can be found in the background papers along with the overall results and all comments. In summary the results were:
  - Over 59% of respondents were supportive of the Council increasing the Empty Homes Premium to 100% after 2 years with nearly 57% believing if this was introduced after a property was empty for 1 year it would encourage empty properties to be brought back into use more quickly
  - Nearly 49% of respondents were supportive of the introduction of the 200% premium for properties empty for 5 years or more.
  - Over 47% of respondents were supportive of the introduction of the 300% premium for properties empty for 10 years or more.
  - 75% of respondents said yes or maybe to the suggestion that by amending the current discount of 50% for 12 months for properties which are unoccupied, unfurnished or uninhabitable to 100% for 6 months this would encourage homes to be brought back into use more quickly.
7. In addition to the main questions there were also some common themes in the comments from customers, these were in the main regarding the following topics:
  - the speed of the planning process affecting the ability to bring a house back to use more quickly,
  - the fairness of the premium where the property is empty to a death in the family and the associated probate that may ensue which can take very long period of time
  - the consideration of people buying empty homes to bring back into use which the premium may become a deterrent as it is based on how long the property has been empty regardless of the length of time the owners have owned it for.

### Summary

8. Residents reaction to the increase in premium is positive with many comments fully supporting the need to bring empty homes back into use. It is also expected that an additional benefit to the Council will be a small increase in revenue. Given these factors, it would seem reasonable to introduce both the increase premiums and the changes to the discount

and period for unoccupied, unfurnished or uninhabitable homes to satisfy the Councils objectives of bringing empty homes back into use as set out below:

Length of time property empty for	Additional Premium
2 - 5 years (introduce from 2019)	100%
5 - 10 years (introduce from 2020)	200%
10 years+ (introduce from 2021)	300%

Amend current discount for properties which are unoccupied, unfurnished and uninhabitable from 50% for 12 months to 100% for 6 months.

### Care Leavers Policy

9. Collectively, Leicestershire Councils (including Leicestershire County Council and the seven Leicestershire District Councils) understand that the transition out of care for young people can be very problematic. Without the support of a family and being inexperienced in managing their own finances, which means care leavers can be more susceptible to fall into debt.
10. In early 2018 this issue was discussed at the District Chief Executive meetings to establish if there was opportunity for all authorities in Leicestershire to agree to support young people in their transition out of care by giving additional relief, on top of any other reliefs that may be available, by reducing their liability for Council Tax to zero until age 25. The outcome of the meeting was that all authorities would like to implement the exemption subject to member approval.
11. In terms of financial implications based on current estimates of care leavers within Charnwood Borough provided by Leicestershire County Council, it is anticipated that the total cost within the Borough (based on the annual charge for a band B property of £1,321.14) would be £40,000, with Charnwood's share being £2,800 and the other major preceptors covering the remaining £37,200. It should be noted for the purposes of the prospective application of this policy that *all* care leavers would qualify for relief, not just those from within Leicestershire.
12. The Care Leavers Policy and application process has been reviewed by the Revenues Team and based on the number involved it is not anticipated that the implementation of this policy this would generate any significant increase in work for the Revenues Team.

### Summary

13. Given the stated benefits this exemption will bring and the minimal financial impact to the Council it would seem reasonable to implement the Care Leavers Policy in line with our partners across Leicestershire.

## Appendices

Appendix A – Draft Care Leavers Policy

Appendix B – Equality Impact Assessment

# **Charnwood Borough Council**

## **Care Leavers Council Tax Relief Policy**

**[Proposed]**

## **POLICY FOR DETERMINING APPLICATIONS IN RESPECT OF CARE LEAVERS RELIEF.**

### **BACKGROUND**

- 1.1 The Council understands that the transition out of care for young peoples can be very problematic. Without the support of a family and being inexperienced in managing their own finances, which means care leavers can be more susceptible to fall into debt. Therefore, Charnwood Borough Council can give financial support to these young people by giving additional relief, on top of any other reliefs that may be available, to those leaving care by reducing their net liability for council tax zero until age 25.
- 1.2 Under Section 13A(1-3) of the Local Government Finance Act 1992 (as amended), the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine. It says:
  - Where a person is liable to pay council tax in respect of any chargeable dwelling and day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit. This allows for a further reduction where a reduction under council tax support has been applied
  - The power under subsection 1) above includes the power to reduce an amount to nil
  - The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- 1.3 There are financial implications to awarding any discounts other than those currently available under the statutory legislation and the financial burden of Section 13A discounts has to be met through an increase in the general level of Council Tax for other payers or from the general fund.
- 1.4 In addition to this:
  - The granting of Section 13A discounts would reduce income from Council Tax;
  - The Council Tax Support scheme exists to ensure that those on low incomes receive financial assistance with their Council Tax.
- 1.5 In order to provide further support for care leavers, the Council has created a new class of council tax charge payer known as 'Care Leavers' and has decided to reduce the council tax bill for Care Leavers to zero, after any other national reliefs have been applied.
- 1.6 This policy will apply up to and including the date of the day before the care leavers 25th birthday.
- 1.7 Reducing Council Tax in these circumstances will hereafter be known as an award of Care Leavers Relief.

## **CARER LEAVERS RELIEF APPLICATION PROCESS**

2.1 Care Leavers Relief can be accessed through either:

- direct request from the care leaver, with evidence they have left care
- the identification and nomination of a care leaver by the Leicestershire County Council's Children's Services to the Council's Council Tax Service (or other Council's Children's Services if previously resident outside the Leicestershire area).
- the identification and nomination by any other public body or professional organisation that confirms that the care leaver was in care (being 'looked after' as a result of a statutory obligation).

2.2 The award can be made for any period from 1st April 2019 where the care leaver is liable for council tax.

2.3 Any award given to an individual case will end on the day before their 25th birthday.

## **ELIGIBILITY CRITERIA**

The following will be assessed when making a decision:

- 3.1 Care leavers who are liable to pay Council Tax will have their bill reduced to nil, this will apply where the care leaver is in a multi-person household. The only exception to this is for a situation when the Care Leaver is in a House in Multiple Occupation (HMO) where the landlord is responsible for paying the Council Tax liability. For HMO's where the landlord is responsible for paying the Council Tax no relief will be given.
- 3.2 The Care Leaver Relief will be given after all other eligible reliefs have been taken into account.
- 3.3 The date of the day before the care leaver's 25th birthday determines the last day of the period of the award
- 3.4 Leicestershire County Council (or other Council's) Children's or Social Services or other public body or professional organisation have confirmed that the care leaver was in their care (being 'looked after').
- 3.5 That Charnwood Borough Council (CBC) is the council tax billing authority the care leaver is liable to make council tax payments.
- 3.6 The Care leaver is resident in the CBC area, if permanent residency in the CBC area is discontinued relief will be stopped and require re-application upon return to the area.
- 3.7 The individual must have been in care on their 16th birthday and for at least 13 weeks from the age of 14.



## **REVIEW PROCESS**

- 4.1 Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. The Council will however accept a written request for a review of its decision. The request should include the reasons for requesting a review and any supporting information.
- 4.2 Reviews will be considered by an officer independent of the original decision maker.
- 4.3 If an application is refused the Council will provide the reason for refusal and instructions on how to request a review and the address where any request may be sent.
- 4.4 The applicant will be notified of the outcome of the review in writing.

## **EQUALITIES IMPLICATIONS**

- 5.1 Granting a discount to care leavers would result in preferential treatment but would aim to counter some of the acknowledged disadvantage that this group experiences compared to their peers.
- 5.2 An equalities impact assessment has been completed. No adverse impacts were identified.

Application for discount for care leavers			
Full name:		Date of birth:	
Current address:		NI number:	
		Council tax account reference (if known):	
		Care leaver reference (if known):	
Any other address you may owe council tax for:			
Email address(es):			
Telephone number(s):			
If you would like us to be able to talk directly with a friend, relative, case worker or adviser about your council tax, please give their details below:			
<b>Name</b>	<b>Relationship to you</b>	<b>Email address</b>	<b>Phone number</b>
Please answer the following questions			
Were you in care on your 16 <sup>th</sup> birthday		Yes	No
Were you in care for at least 13 weeks from the age of 14		Yes	No
Where you were in care (Full Address needed)			
If you were in care with a council other than Leicestershire County Council, please provide contact.			
<b>Declaration:</b> I confirm that the information contained in this application is true and correct to the best of my knowledge and belief.			
Signed:		Date:	
<b>Post your completed application to:</b> The Revenues Section Charnwood Borough Council Council Offices Southfields Loughborough Leicestershire LE11 2TT			

## Charnwood Borough Council

### Equality Impact Assessment 'Knowing the needs of your customers and employees'

#### ■ Background

An Equality Impact Assessment is an improvement tool. It will assist you in ensuring that you have thought about the needs and impacts of your service/policy/function in relation to the protected characteristics. It enables a systematic approach to identifying and recording gaps and actions.

#### ■ Legislation- Equality Duty

As a local authority that provides services to the public, Charnwood Borough Council has a legal responsibility to ensure that we can demonstrate having paid due regard to the need to:

- ✓ Eliminate discrimination, harassment and victimisation
- ✓ Advance Equality of Opportunity
- ✓ Foster good relations

For the following protected characteristics:

1. Age
2. Disability
3. Gender reassignment
4. Marriage and civil partnership
5. Pregnancy and maternity
6. Race
7. Religion and belief
8. Sex (Gender)
9. Sexual orientation

What is prohibited?

1. Direct Discrimination
2. Indirect Discrimination
3. Harassment
4. Victimisation
5. Discrimination by association
6. Discrimination by perception
7. Pregnancy and maternity discrimination
8. Discrimination arising from disability
9. Failing to make reasonable adjustments

**Note: Complete the action plan as you go through the questions**

■ **Step 1 – Introductory information**

Title of the policy	Empty Homes Premium
Name of lead officer and others undertaking this assessment	Karey Barnshaw
Date EIA started	10/1/19
Date EIA completed	14/1/19

■ **Step 2 – Overview of policy/function being assessed:**

Outline: What is the purpose of this policy? (Specify aims and objectives)
<p><u>Empty Homes Premium</u>  Council Tax legislation enables local authorities to currently charge a premium of up to 50% in addition to the Council Tax on dwellings that are unoccupied and substantially unfurnished for two years or more. Government has now amended this legislation to increase the premiums that can be charged as follows:</p> <ul style="list-style-type: none"> <li>• 100% extra (for properties empty for 2-5 years)</li> <li>• 200% extra (for properties empty for 5-10 years) [commencing in 2020]</li> <li>• 300% extra (for properties empty for 10+ years) [commencing in 2021]</li> </ul> <p>It has been estimated that there are 150 properties that have been empty for at least two years in the Borough.</p> <p>The main purpose of the premium would be to reduce the number of empty homes, and provide an incentive to get empty homes back into use, rather than to generate income.</p> <p><u>Care Leavers Policy</u>  The Council understands that the transition out of care for young people can be very problematic. Without the support of a family and being inexperienced in managing their own finances, which means care leavers can be more susceptible to fall into debt. To support you people transitioning out of care the introduction of the Care Leavers Policy removes the liability of a care leave up to the age of 25 for Council Tax</p>
What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?
<p>The Empty Homes Premium changes will directly affect property owners of the empty homes, regardless of protected characteristic.</p> <p>The Care Leavers Policy is aimed at young people between the age of 18-25 leave the care system. The policy's aim is to help smooth their transition into independent living by offering financial support for their Council Tax</p>
Which groups have been consulted as part of the creation or review of the policy?
<p><u>Empty Homes Premium</u>  The consultation ran for a period of 6 weeks until the 6<sup>th</sup> January 2019 and had 134 respondents. All residents who own an empty home were written to direct asking for their participation in the consultation. In summary the results were:</p>

- Over 59% of respondents were supportive of the Council increasing the Empty Homes Premium to 100% after 2 years with nearly 57% believing if this was introduced after a property being empty for 1 year it would encourage empty properties to be brought back into use more quickly
- Nearly 49% of respondents were supportive of the introduction of the 200% premium for properties empty for 5 years or more.
- Over 47% of respondents were supportive of the introduction of the 300% premium for properties empty for 10 years or more.
- 75% of respondents said yes or maybe to the suggestion that by amending the current discount of 50% for 12 months for properties which are unoccupied, unfurnished or uninhabitable to 100% for 6 months this would encourage homes to be brought back into use more quickly.

In relation to the Care Leaver Policy, joint meetings between all Leicestershire local authorities have taken place to joint agree the introduction of this policy.

### ■ **Step 3 – What we already know and where there are gaps**

List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy & maternity, race, religion or belief, sex, sexual orientation etc.

Data/information such as:

- Consultation
- Previous Equality Impact Assessments
- Demographic information
- Anecdotal and other evidence

Empty Homes Consultation Dec/Jan 2018/19

No. of Care Leavers per annum – Leicestershire County Council

What does this information / data tell you about diverse group? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (Please list)

Property owners and Care Leavers are likely to be from a range of protected characteristics and not any specific diverse group.

### ■ **Step 4 – Do we need to seek the views of others? If so, who?**

In light of the answers you have given in Step 2, do you need to consult with specific groups to identify needs / issues? If not please explain why.

Not applicable. A resident consultation has already taken place.

### ■ **Step 5 – Assessing the impact**

In light of any data/consultation/information and your own knowledge and awareness, please identify whether the policy has a positive or negative impact on the individuals or community groups (including what barriers these individuals or groups may face) who identify with any 'protected characteristics' and provide an explanation for your decision (please refer to the general duties on the front page).

	<b>Comments</b>
<b>Age</b>	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of age.</p> <p>The Care Leaver Policy will have a positive impact on young people between the ages of 18-25 leaving care.</p>
<b>Disability</b> (Physical, visual, hearing, learning disabilities, mental health)	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of disability.</p> <p>Neutral impact The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of disability</p>
<b>Gender Reassignment</b> (Transgender)	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of gender reassignment.</p> <p>Neutral impact The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of gender reassignment</p>
<b>Race</b>	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of race.</p> <p>Neutral impact The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of race</p>
<b>Religion or Belief</b> (Includes no belief)	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of religion or belief.</p> <p>Neutral impact The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of religion or belief</p>
<b>Sex</b> (Gender)	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of sex.</p> <p>Neutral impact The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of sex</p>
<b>Sexual Orientation</b>	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon the protected characteristic of sexual orientation.</p>

	<p>Neutral impact</p> <p>The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected characteristic of sexual orientation</p>
<b>Other protected groups (Pregnancy &amp; maternity, marriage &amp; civil partnership)</b>	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon any other protected group</p> <p>Neutral impact</p> <p>The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon the protected groups</p>
<b>Other socially excluded groups (carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)</b>	<p>Neutral impact. All property owners will be assessed by the same criteria standard for empty homes with no predicted adverse impact upon any other socially excluded group.</p> <p>Neutral impact</p> <p>The Care Leavers policy criteria is based solely on age and leaving the care system with no predicted adverse impact upon other socially excluded groups</p>

Where there are potential barriers, negative impacts identified and/ or barriers or impacts are unknown, please outline how you propose to minimise all negative impact or discrimination.

Please note:

- If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately.
- Additionally, if you have identified adverse impact that is justifiable or legitimate, you will need to consider what actions can be taken to mitigate its effect on those groups of people.

N/A

Summarise your findings and give an overview as to whether the policy will meet Charnwood Borough Council's responsibilities in relation to equality and diversity (please refer to the general duties on the front page).

There is seen to be a neutral impact for the Empty Homes Premium and a positive impact for the Care Leavers Policy, therefore meeting Charnwood Borough Council's responsibilities in relation to equality and diversity.

#### ■ Step 6- Monitoring, evaluation and review

Are there processes in place to review the findings of this Assessment and make appropriate changes? In particular, how will you monitor potential barriers and any positive/ negative impact?

The take up number for the Care Leavers Policy will be monitored on a quarterly basis against expected volumes to ensure those that require financial support receive it.

How will the recommendations of this assessment be built into wider planning and review processes? e.g. policy reviews, annual plans and use of performance management systems.

The assessment will be included as part of the back ground papers that will go to Cabinet on 14<sup>th</sup> February 2019

■ **Step 7- Action Plan**

Please include any identified concerns/actions/issues in this action plan:

**The issues identified should inform your Service Plan and, if appropriate, your Consultation Plan**

Reference Number	Action	Responsible Officer	Target Date
001	Monitoring take up of discount for Care leavers on quarterly basis	K Barnshaw	Ongoing

■ **Step 8- Who needs to know about the outcomes of this assessment and how will they be informed?**

	Who needs to know (Please tick)	How they will be informed (we have a legal duty to publish EIA's)
Employees	Y	This assessment will be attached alongside the Cabinet paper of 14 <sup>th</sup> February 2019 and published on the Charnwood Borough Council Website.
Service users	Y	This assessment will be attached alongside the Cabinet paper of 14 <sup>th</sup> February 2019 and published on the Charnwood Borough Council Website.
Partners and stakeholders	Y	This assessment will be attached alongside the Cabinet paper of 14 <sup>th</sup> February 2019 and published on the Charnwood Borough Council Website.
Others		
To ensure ease of access, what other communication needs/concerns are there?		

■ **Step 9- Conclusion (to be completed and signed by the [Service Head](#))**

Please delete as appropriate
I agree
If <i>disagree</i> , state action/s required, reasons and details of who is to carry them out with timescales:
Signed (Service Head): Simon Jackson
Date: 14/1/19

[Please send completed & signed assessment to Suzanne Kinder for publishing.](#)



## COUNCIL – 25TH FEBRUARY 2019

### Report of the Personnel Committee

#### ITEM 6.4 PAY POLICY STATEMENT 2019/20

##### Purpose of Report

To consider a recommendation from the Personnel Committee that the Pay Policy Statement for 2019/20 be approved and adopted.

##### Recommendation

That the Pay Policy Statement for 2019/20, as set out in Annex A to the report considered by the Personnel Committee (attached as an appendix), be approved and adopted.

##### Reason

To ensure that the Council meets its obligations under Section 38 of the Localism Act 2011.

##### Policy Justification and Previous Decisions

Under Section 38 of the Localism Act 2011, local authorities in England and Wales are required to produce an annual Pay Policy Statement, which must be approved by Full Council and published on the Council's website before the commencement of each financial year.

At its meeting on 4th December 2018, the Personnel Committee considered a report of the Head of Strategic Support setting out the Council's proposed Pay Policy Statement for the period 1st April 2019 to 31st March 2020. The Committee resolved to recommend to Full Council that the Pay Policy Statement for 2019/20 be approved and adopted. The report considered by the Committee, which also dealt with Pension Scheme Discretions that do not require Council approval, is attached as an appendix, with Annex B that set out the Pension Scheme Discretions omitted.

##### Implementation Timetable including Future Decisions

If approved by Full Council the Pay Policy Statement will be published on the Council's website either on or before 1st April 2019.

##### Report Implications

The following implications have been identified for this report:

##### *Financial Implications*

There are no financial implications arising from this decision.

### *Risk Management*

There are no specific risks associated with this decision.

Background Papers: [Personnel Committee minute 19, 2018/19, 4th December 2018](#)

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Democratic Services Officer  
(01509) 634787  
[nicky.conway@charnwood.gov.uk](mailto:nicky.conway@charnwood.gov.uk)

### Appendix

Pay Policy Statement 2019/20, report of the Head of Strategic Support, Personnel Committee, 4th December 2018 (with Annex B removed).

**PERSONNEL COMMITTEE – 4TH DECEMBER 2018****Report of the Head of Strategic Support****Part A****ITEM      PAY POLICY STATEMENT 2019/20 AND LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS****Purpose of Report**

To gain Personnel Committee approval on the Council's Pay Policy Statement covering the period 1st April 2019 to 31st March 2020.

**Recommendation**

That the Pay Policy Statement for 2019/20, attached at Appendix A, proceed to Full Council for formal approval and adoption.

**Reason**

To ensure that the Council meets its obligations under Section 38 of the Localism Act 2011.

**Policy Justification and Previous Decisions**

Under Section 38 of the Localism Act 2011, local authorities in England and Wales are required to produce an annual Pay Policy Statement, which must be approved by Full Council and published on the Council's website before the commencement of each financial year.

**Implementation Timetable including Future Decisions**

The Pay Policy Statement will be submitted for consideration by Full Council at their meeting on 25th February 2019. If approved, the statement will be published on the Council's website either on or before 1 April 2019.

**Report Implications**

The following implications have been identified for this report

***Financial Implications***

There are no immediate financial implications arising from this decision.

***Risk Management***

There are no specific risks associated with this decision.

Background Papers: None

Annexes: Annex A – Pay Policy Statement 2019-2020  
Annex B – Pension Discretionary Policies Information Sheet

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## **Part B**

### **Background**

1. On 15th November 2011 the Localism Act received Royal Assent. Under Section 38 of the Act, local authorities in England and Wales are required to produce a Pay Policy Statement for each financial year, which must be approved by Full Council.
2. The statement must set out the Council's policies in relation to:
  - i. The remuneration of its chief officers;
  - ii. The remuneration of its lowest-paid employees; and
  - iii. The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
3. For the purposes of this statement, remuneration includes basic salary, bonuses and other allowances or entitlements related to employment.
4. This is the eighth Pay Policy Statement published by Charnwood Borough Council since the Localism Act was implemented. The Pay Policy Statement for 2019/20 will be consulted on and it will also be presented at a meeting of JMTUM and Personnel Committee before going to Full Council for final approval.
5. The Pay Policy Statement for 2019/20 has been updated to provide a more comprehensive account of the Council's approach to the remuneration of its workforce.
6. The Council is required to publish the Pay Policy Statement for 2019/20 on or before 1st April 2019.

### **Key Points**

8. The proposed Pay Policy Statement attached sets out:
  - The Council's approach to job evaluation and grading of posts;
  - Additional payments that employees are eligible to receive, such as overtime, enhancements etc.
  - The Council's pay multiple (the ratio between the highest paid employee and the median average salary of the Council's workforce), which remains at 5.31. It is considered that this figure has remained the same as the percentage increases have been similar in scope to those awarded in the previous pay award.
  - The Council's approach to pay progression, honorariums, market supplements, salary protection and the re-engagement of employees;
  - That there is no distinction between chief officers and other employees in relation to pension benefits and severance payments.
  - Pension Scheme Discretionary Arrangements – Regulation 60 of the LGPS Regulations 2013 (as amended) require each scheme employer to publish and keep under review five policies explaining how it will

apply certain discretions. The pension discretions have been published in accordance with pension requirements.

9. The sections which have been added in the Pay Policy Statement for 2019/20 are:

- Overtime and additional hours' holiday pay following recent case law relating to holiday pay that can be claimed when overtime is worked.
- Additional clarification in relation to Standby and Callout, Standby and Advisory or Emergency Contact Scheme.

10. Section that may be subject to an amendment in light of proposed legislative changes following agreement at Personnel Committee:

- The statement currently outlines that Full Council have the opportunity to vote on severance packages over £100,000 before they are approved. The information presented will clearly set out the components of the severance package (e.g. salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid). It is anticipated that a cap on Public Sector exit payments at £95,000 under the Small Business, Enterprise and Employment Act 2015 will come into force in the near future. This has also been referenced within the current Pay Policy Statement.

#### 11. Pension Discretions

Recent amendments to the LGPS regulations have expanded the period in which many deferred members can claim their pension without the need for employer consent. Since 2014, members who leave and are over age 55 may claim an actuarially reduced pension without employer consent. It has now been extended to all deferred leavers between 1 April 1998 and 31 March 2014 and some, but not all, who left before 1 April 1998.

The LGPS advised that there were 2 relevant areas for which policy decisions need to be made. The Council had the option to retain the current decision or not. Appendix B will need to be treated as an addendum to the Council's pre 2014 member policies.

The discretionary policies for decision are:

- Waiving any actuarial reduction for deferred members accessing their pension benefits, for compassionate reasons.

<b>Current Position (Discretion not applied)</b>
The Council will not apply this discretion, unless there are exceptional circumstances.
The Personnel Committee and the Director involved will consider any cases and will decide whether the actuarial reductions should be waived. In all cases the financial position of Charnwood Borough Council must be considered.

- The Discretionary policy to switch on the rule of 85.

<b>Current Position (Discretion not applied)</b>
The Council will not apply this discretion, unless there is a business case to support this as an alternative to a redundancy situation.
It is recommended to simplify this approach that the current position is amended to state only that “The Council will not apply this discretion”.

Consultation

8. The statement was agreed at the SMT meeting on 29th August 2018 and JMTUM on 18th October 2018.

## Pay Policy Statement 2019/2020

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## Purpose

As a responsible employer Charnwood Borough Council is committed to delivering a fair, equitable and transparent policy covering pay and other employee benefits which improves flexibility in delivering services and provides value for money.

Within the framework of its terms and conditions of employment, the Council aims to develop and maintain appropriate pay systems and benefit packages to attract and retain motivated, flexible people who take responsibility, work as a team, improve performance and acquire new skills.

This Pay Policy Statement sets out the Council's policies relating to the pay of its workforce for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, in particular the:

- Remuneration of Chief Officers;
- Remuneration of the lowest paid employees;



- Relationship between the remuneration of chief officers and employees who are not chief officers.

The statement meets the Council's obligations under the Localism Act 2011 and will enable the elected members of the Council to make decisions on pay.

The Council's Pay Policy Statement will be agreed by Full Council before the beginning of each financial year and will then be published on Charnwood Borough Council's website. The statement may also be amended by Full Council during the course of the year if necessary.

## Scope

This statement applies to all employees of Charnwood Borough Council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services (Green Book);
- Joint Negotiating Committee for Chief Officers of Local Authorities;
- Joint Negotiating Committee for Local Authority Chief Executives;
- Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book).

Employees who have TUPE transferred across from other organisations will remain on their existing terms and conditions unless agreed otherwise.

## Definitions

For the purposes of this Pay Policy Statement the following definitions will apply:

### Remuneration

This includes three elements:

- Basic salary;
- Pension;
- Any other allowances arising from employment.

### Chief Officers

Under the Localism Act 2011 a Chief Officer is defined as:

- The head of the Council's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- Its monitoring officer designated under section 5(1) of that Act;
- A statutory chief officer mentioned in section 2(6) of that Act;
- A non-statutory chief officer mentioned in section 2(7) of that Act;
- A deputy chief officer mentioned in section 2(8) of that Act.

In Charnwood Borough Council this definition would apply to the posts set out in [Appendix A](#).

### **Lowest Paid Employees**

The Council currently employ apprentices who are paid at the applicable apprenticeship rate. Additionally Joint Negotiating Committee for Craft and Associated Employees (Red Book) apprentices are paid in accordance with the requirements of that agreement.

For all other posts, this refers to employees on Scale 1, Pay Point 10. This definition has been adopted as it is the lowest level of remuneration attached to a post within the Council, other than apprenticeship posts.

On 1 April 2013 the Council adopted the Living Wage rate applicable at that time. It was agreed that all pay awards after this date for all spinal column points within the Council, would be in line with the applicable percentage increase of the national pay agreement for local government.

## **Pay and Grading Structure**

The grading of all posts within Charnwood Borough Council is determined using the nationally recognised Hay Job Evaluation Scheme. This is in order to ensure that all posts are graded and therefore rewarded financially through a fair and non-discriminatory process, that there is consistency in treatment between posts and that the Council complies with equal pay legislation. The scheme is an analytical one that takes into consideration three key elements of a post:

- Know How - the levels of knowledge, skill and experience (gained through work experience, education and training) which are required to perform the job successfully;
- Problem Solving - the complexity of thinking required to perform the job when applying Know How;
- Accountability - the impact the job has on the organisation and the constraints the job holder has on acting independently.

The Council follows the NJC national agreement on pay and conditions of service (the Green Book) which includes the use of national pay scales. Advice was taken from Hay during the implementation of the job evaluation scheme in order to determine the relationship between the scoring of posts under the scheme and the relevant pay grade.

However a small number of staff employed under the Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book) are paid on a different pay scale, a copy of which is attached at [Appendix B](#).

Basic pay is paid in accordance with the evaluated grade of the post. Each grade comprises a range of scale points. A copy of the Council's pay and grading structure is attached at [Appendix B](#).

This NJC pay claim for 2018-2019 is made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association. The existing pay award for

all employees up to and including P04 (SCP 49) follows the national award made by the National Joint Council for Local Government Employees and covers the period 1 April 2018 to 31 March 2020. The Craft Pay Rates for 2018 – 20 cover the period 1 April 2018 – 31 March 2020. A pay award covering the same period has been agreed for employees on Joint Negotiating Committee (JNC) terms and conditions for Chief Officer's. The same agreement was reached for employees on JNC for Chief Executives of Local Authorities.

Any future pay awards for all Charnwood Borough Council employees, including senior management on JNC grades and the Chief Executive will be administered as appropriate, if and when that pay award is agreed.

A copy of the Council's organisation chart, showing grades of posts, can be found on the [Council's website](#).

Details of senior management remuneration are published annually in the [Council's Statement of Accounts](#) which are available on the website.

The 'pay multiple' - the ratio between the highest paid salary (Chief Exec scale - spinal point 90) and the median average salary of the Council's workforce is 5.31.

The figure has remained the same as last year's pay multiple as the percentage increases were similar in scope to those awarded in the previous pay award.

## Remuneration on Appointment

All employees are usually appointed to the minimum scale point applicable to the grade of the post. Managers have discretion in some circumstances to appoint to a higher scale point, subject to the maximum of the grade.

Full Council will be given the opportunity to consider remuneration packages over £100,000 per annum (including salary, any bonuses, fees or allowances routinely payable to the appointee and any benefits in kind to which the officer is entitled as a result of their employment) before new posts are established and advertised.

## Market Premia

There is provision for the award of a market premium (i.e. a temporary additional payment) where it can be shown that the salary level of a job is having an adverse impact on the Council's ability to recruit and retain the appropriate calibre of employee into a post. The award of a market premium is subject to the agreement of the relevant Strategic Director. If approved, market premia are awarded for a maximum period of three years. It is anticipated that market premia will be awarded on very limited occasions. Details of the scheme can be found in the Council's Market Premia Policy and Procedure.

## Incremental Progression

### Chief Officers

Progression through the pay grade for Chief Officers is dependent on them achieving set criteria and objectives which are agreed at the officer's annual Performance Development Review. This does not apply to the Chief Executive as this role is on a spot salary and therefore does not have grade progression.

### Other Employees

Subject to satisfactory service, employees covered by the conditions of service of the National Joint Council for Local Government Services and the Joint Negotiating Committee for Local Authority Craft and Associated Employees are eligible to receive annual increments on 1<sup>st</sup> April each year until they reach the maximum scale point for the grade of their job. If the employee's start date is between 1<sup>st</sup> October and 31<sup>st</sup> March then their first increment will be paid after completing 6 months in post. Any subsequent increments, until the maximum of the grade is reached, will be paid on 1<sup>st</sup> April thereafter.

The Joint Negotiating Committee for Local Authority Craft and Associated Employees operates a system of progression through the grade, which is subject to performance related criteria.

## Enhancements

From 1 January 2014 the Council agreed a change in rate of enhancement for evening, weekend and bank holiday working for employees at Grade 6 and below. Employees required to work on Saturdays, Sundays and Bank Holidays as part of their normal working week will be recompensed at time and a quarter for evenings and Saturdays, and time and a half for Sundays and Bank Holidays.

## Overtime Payments

'Overtime' is defined as hours worked in excess of 37 per week. However, part-time employees are entitled to the additional hours enhancements in circumstances in which full-time employees in the establishment would qualify. Employees in posts graded up to Scale 6 who work additional hours are eligible to receive payment at double time rate for hours worked on Sundays, bank holidays or extra statutory days and time and a half for hours worked at any other time.

Employees in posts graded SO1 and above, who work additional hours are not eligible for payment, but may receive time off in lieu.

Heads of Service are also authorised to make payments, within existing budgets, for overtime to employees graded SO1 to PO4 for time limited projects of a non-repetitive nature as follows:

- (a) Plain time up to an agreed maximum number of hours for a particular project and over a certain number of weeks/months; or
- (b) A lump sum to cover completion of a particular project by an agreed deadline.

Where the payment of a lump sum is agreed in accordance with (b) above, it should not be made in full unless the project is completed by the due date and that provision for claw back considered for inclusion in the scheme. Payments for overtime cannot be authorised retrospectively.

## Overtime and Additional Hours Holiday Pay

Claims for overtime or additional hours (for part time employees) will receive a 12.07% increase for the hours worked. This increase is calculated on the relevant hourly flat rate.

Example – if you work for 2 hours overtime @ time plus ½ you will receive 3 hours pay. 12.07% will be added to 2 hours of that pay only as the flat rate element of pay.

Additional hours which have been agreed on a temporary basis as a variation to contract will not attract this uplift. The annual leave entitlement will be increased for the period that an employee works these additional hours.

## Other Allowances

All Chief Officers receive allowances as detailed in the Conditions of Service of the Joint Negotiating Committee for Chief Officers of Local Authorities and the Joint Negotiating Committee for Local Authority Chief Executives. However, where these conditions are silent or do not cover an allowance or process, the Chief Officer / Chief Executive will receive the same as those employees covered by the National Joint Council for Local Government Services.

Copies of the conditions of service for all employees covered by this statement can be requested from the [Local Government Employers website](#).

### Essential Car User

Posts that are designated as essential car user, including those of Chief Officers, receive a monthly allowance and are eligible to claim mileage allowances as per the NJC Conditions of Service.

### Broadband

Employees who meet the criteria for home working are able to claim a broadband allowance. Details of the scheme can be found in the Council's Home Working Policy and Procedure.

### Professional Fees

The Council will pay the annual fee for membership of a professional body if it is considered an essential requirement of the employee's post.

### **First Aid Allowances**

Employees who are classified as a 'designated first-aider' are eligible to receive an allowance.

### **Standby and Call-Out Payments**

Employees who are required to provide out of hours responsibilities or work for essential services that they undertake are eligible to receive a standby and call out, standby and advisory or emergency contact scheme payment. Employees graded at PO1 or above will not normally receive payment, unless there is a requirement for them to participate in a formal regular Standby and Call Out or Standby and Advisory Scheme arrangement. Those graded at JNC A or above are expected to respond as part of their role and will not receive any additional payments. Details of the scheme can be found in the Council's Policy for Standby and Call-Out, Standby and Advisory, and Emergency Contact Scheme Policy and Procedure.

### **Emergency Planning**

Employees who volunteer to respond in emergency situations are eligible to receive a payment.

### **Subsistence**

Employees who are eligible to claim subsistence do so in accordance with the rate agreed locally for subsistence.

## **Bonus Payments**

The Council does not pay any group of employees a bonus.

## **Pension Benefits**

All employees under the age of 75 are eligible to join the Local Government Pension Scheme. The scheme is a statutory scheme with contributions from employees and employers. Details of the scheme can be found on [www.leics.gov.uk/pensions](http://www.leics.gov.uk/pensions).

The scheme allows for the exercise of discretion by employers. A copy of the Council's approach to these discretionary regulations can be found at [Appendix C](#). The Council will consider each case on its merits, but has determined that its usual policy is not to enhance benefits for any of its employees.

The scheme provides for flexible retirement. To be eligible to request flexible retirement, the Council normally requires that an employee either reduce their working hours by a minimum of 40% and/or be appointed to a post on a lower grade. In applying this provision no distinction is made between employees.

Under the Local Government Pension Scheme there is no abatement (i.e. reduction or suspension) of pensions for employees who return to work after drawing their pensions except in the circumstance where they have previously been awarded "added years".

## Honoraria

Subject to certain conditions, employees who are temporarily required to undertake some or all of the duties of a higher graded post are eligible to be paid an honorarium. Details of the scheme can be found in the Council's Honoraria and Acting-Up Policy and Procedure.

## Salary Protection

Employees are eligible to receive salary protection for a period of up to three years if they are redeployed into a lower-graded post. Details of the provisions can be found in the Council's Organisational Change Policy and Procedure.

## Severance Payments

### **Early Retirement (Efficiency of Service)**

The Council has discretionary provisions for employees to seek early retirement on the grounds of efficiency of service. Details of the scheme can be found in the Council's Retirement Policy and Procedure.

### **Redundancy**

The Council has a single redundancy scheme which applies to all employees. Redundancy payments are calculated in accordance with the Employment Rights Act 1996 and the 2006 Discretionary Compensation Regulations and are based on the employee's age, length of continuous local government service and salary. The payment mirrors the statutory table but provides a multiplier of 2. Details of the redundancy scheme can be found in the Council's Organisational Change Policy and Procedure.

Employees have the option of using their redundancy payment, in excess of the statutory redundancy payment, to purchase a period of membership in the Local Government Pension Scheme. The amount of membership purchased by the cash sum will vary depending on the age of the employee and the number of years' service.

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued annual leave.

Employees who have TUPE transferred into the Council on redundancy terms which are more favourable than those details above will retain these provisions as per TUPE legislation.

Full Council have the opportunity to vote on severance packages over £100,000 before they are approved. The information presented will clearly set out the components of the severance package (e.g. salary paid in lieu, redundancy



compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid).

*N.B - It is anticipated that a cap on Public Sector exit payments at £95,000 under the Small Business, Enterprise and Employment Act 2015 will come into force in the near future.*

## **Re-Engagement of Employees**

Employees who have been made redundant are eligible to apply for vacancies which may arise after they have left the Council's employment. Any such applications will be considered together with those from other candidates and the best person appointed to the post. Any necessary adjustments to pension would be made in accordance with the scheme regulations.

Employees who are offered another post with the Council, or another employer covered by the Redundancy Modifications Order, prior to their redundancy leaving date and commence this post within 4 weeks of that date are not eligible to receive their redundancy payment.

## **Election Duties**

The Chief Executive receives additional payments as the Returning Officer (or equivalent) for elections taking place within the Borough, to which role he has been appointed by the Council. These payments are funded by the organisation responsible for each election, which can include the Borough Council, County Council, Parish and Town Councils, and the Government.

Election fees and expenses for Borough, Town and Parish Council elections are agreed annually by Full Council. For other elections, the scale of fees and expenses is specified by the relevant organisation.

The Chief Executive may also, on appropriate occasions, require officers, which may include Chief Officers, to undertake Deputy Returning Officer roles and other election duties. They will be remunerated for undertaking these roles.

## **Publication and Access to Information**

This Pay Policy Statement will be published on the Council's website, together with the Council's pay and grading structure and information relating to senior management remuneration.



## Appendix A - Charnwood Borough Council's Chief Officers

<u>POST TITLE</u>
Chief Executive
<b>Neighbourhood and Community Wellbeing</b>
Strategic Director - Neighbourhoods and Community Wellbeing
Head of Cleansing and Open Spaces
Head of Leisure and Culture
Head of Neighbourhood Services
<b>Corporate Services</b>
Strategic Director - Corporate Services
Head of Finance and Property Services
Head of Customer Experience
Head of Strategic Support
<b>Housing, Planning, Regeneration and Regulatory Services</b>
Strategic Director - Housing, Planning, Regeneration and Regulatory Services
Head of Strategic and Private Sector Housing
Head of Landlord Services
Head of Planning and Regeneration
Head of Regulatory Services

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## Appendix B - Pay and Grading Structure

Effective from 1<sup>st</sup> April 2018

Grade	Scale Point	Annual Salary (£)
1	10	17252
	11	17289
2	12	17347
	13	17391
3	14	17681
	15	17972
	16	18319
	17	18672
4	18	18870
	19	19446
	20	19819
	21	20541
5	22	21074
	23	21693
	24	22401
	25	23111
6	26	23866
	27	24657
	28	25463
SO1	29	26470
	30	27358
	31	28221
SO2	32	29055
	33	29909
	34	30756
PO1	35	31401
	36	32233
	37	33136
	38	34106
PO2	39	35229
	40	36153
	41	37107
	42	38052

Grade	Scale Point	Annual Salary (£)
PO3	43	39002
	44	39961
	45	40858
	46	41846
PO4	47	42806
	48	43757
	49	44697
JNC A	50	46675
	51	47877
	52	49065
	53	50267
JNC B	54	51467
	55	52657
	56	53976
	57	55286
JNC C	58	57470
	59	58768
	60	60081
	61	61381
JNC D	62	66005
	63	67651
	64	69303
	65	70953
JNC E	66	72599
	67	74270
	68	75491
	69	77614
	90	118958

Pay Grades for Joint Negotiating Committee for Local Authority Craft and Associated Employees

	Scale Point	Annual Salary (£)
<b>Group 1</b>	<b>25</b>	<b>23111</b>
	<b>27</b>	<b>24657</b>
	<b>31</b>	<b>28221</b>
<b>Group 2</b>	<b>25</b>	<b>23111</b>
	<b>26</b>	<b>23866</b>
	<b>28</b>	<b>25463</b>
<b>Group 3</b>	<b>23</b>	<b>21693</b>
	<b>24</b>	<b>22401</b>
	<b>27</b>	<b>24657</b>
<b>Group 4</b>	<b>18</b>	<b>18870</b>
	<b>19</b>	<b>19446</b>
	<b>20</b>	<b>19819</b>

Levels of Apprenticeship	NJC Salary	
Intermediate	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Appropriate NMW age rate for those aged 21 and above
Advanced	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Appropriate NMW age rate for those aged 21 and above
Higher	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Scale 1 – 2 with annual incremental progression
Degree	Year 1 Year 2 to completion	NMW Rate for 18 – 20 year olds Scale 2 – 3 with annual incremental progression

The rates for Apprentices appointed under the Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book) are in accordance with that agreement.

## **Appendix C - Pension Scheme Discretionary Arrangements**

### **Local Government Pension Scheme (LGPS) Regulations Policy Statement on all Eligible Employees**

Under Regulation 60 of the LGPS Regulations 2013, (as amended), each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pension Regulations.

This statement is applicable to all employees of Charnwood Borough Council who are eligible to be members of the LGPS.

The Council is required to publish the following five policies.

#### **LGPS Regulations – Regulation 31: Power of employer to award additional pension**

##### **Explanation and Employer's Policy**

An employer may resolve to award a member additional pension of not more than £6,500 (figure as at 1 April 2014) a year within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

The Council will not normally agree to award an additional pension under this regulation

#### **LGPS Regulations 2013 – Regulation 16(2)(e) and 16(4)(d) : Funding of additional pension contributions (shared cost)**

##### **Explanation and Employer's Policy**

An active member in the main section of the scheme who is paying contributions may enter into arrangements to pay additional pension contributions (APCs) by regular contributions of a lump sum.

Such costs may be funded in whole or in part by the member's Scheme employer.

The employer will need to determine a policy on whether it will make a contribution towards the purchase of extra pension.

This does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a shared cost APC to cover the amount of pension "lost" during that period of absence. In these cases the employer MUST contribute 2/3rds of the cost (Regulation 15(5) of the LGPS Regulations 2013).

The Council has not adopted this discretion.

#### **LGPS Regulations 2013 – Regulation 30 (6):Flexible Retirement**

##### **Explanation and Employer's Policy**

An active member who has attained the age of 55 or over who reduces working hours or

grade of an employment may, with the Scheme employer's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in local government service on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

The Council has agreed to release pension where there is no costs and not to waive any reduction.

Members must reduce their hours by a minimum of 40% and/or reduce their grade.

The Council may however allow the release of pension where there is a cost or waive reduction in a potential redundancy situation, where a reduction may occur through redeployment, or in other exceptional circumstances supported by a business case.

**LGPS Regulations 2013 – Regulation (paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014): Switching on rule of 85**

**Explanation and Employer's Policy**

A member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment if that member is not an employee in local government service in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

In these circumstances (other than flexible retirement) the 85 year rule does not automatically apply to members who would otherwise be subject to it who choose to voluntarily draw their benefits on or after age 55 and before NPA.

The employer has the discretion to "switch on" the 85 year rule for such member (paragraph 1 (1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).

If the employer does agree to switch back on the rule of 85, the cost of any strain on the fund resulting from the payment of benefits before age NPA would have to be met by the employer.

The Council will not apply either discretion.

**LGPS Regulations 2013 – Regulation (paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014): Waiving of actuarial reduction**

An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions on compassionate grounds. The cost of which would fall upon the employer. "Compassionate grounds" is not defined in the regulations.

The Council will not apply this discretion, unless there are exceptional circumstances.

The Personnel Committee and the Director involved will consider any cases and will

decide whether the actuarial reductions should be waived. In all cases the financial position of the Charnwood Borough Council must be considered.

Under Regulation 66 of the LGPS Administration Regulations 2008, (as amended), each scheme employer must publish and keep under review a statement of Policy to explain how it will apply certain discretions allowed under the Pension Regulations.

### **LGPS Benefits Regulations - Regulation 30: Early payment of retirement benefits at the member, or former members request**

#### **Explanation & Employer's Policy**

A scheme member or former member can request that the Employer grant early retirement between 55 & 60 years old.

It is possible that, where a member's pension is introduced early, these benefits will be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.

The Council will not consider the premature retirement of an employee except on compassionate grounds. To qualify for consideration, an employee must be entitled to a pension under the LGPS. The Council will not consent to a request for early retirement where capital costs are applicable unless there are exceptional circumstances. The Council will, in principle, consider a request for early retirement as an application of early retirement arising from redundancy where the request would result in the same cost, a lower cost, or nil cost to the Council. In all cases, early retirement will only be considered when supported by a justifiable business case.

### **LGPS Benefits Regulations - Regulation 18: Requirements as to time of payment (Flexible Retirement)**

#### **Explanation & Employer's Policy**

A member who is 55 or over, and with their employer's consent, reduces their hours and/or grade can, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from employment. It is possible that, where a member's pension is introduced early, these benefits may be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.

Whilst a request which result in a cost to the Council will generally not be approved there may be instances where granting flexible retirement will enable departments to review their requirements, e.g. succession planning, managerial or specialist skills development, or ultimately achieve other efficiency savings through staff movement/structure changes etc. That is to say, there must be a significant organisational benefit to the Council.

In considering any request for flexible retirement the following business reasons are to be taken into account:

- Cost to the Council in releasing the scheme member's pension
- Requirement/ability to recruit to the vacated hours or grade

- Additional costs as a result of recruitment/training to the vacated hours or grade
- Capacity to re-allocate work amongst co-workers
- Impact on service delivery and work performance
- Suitability of individual's proposed working arrangements, i.e. days, hours etc.

This scheme will not apply where there are formal conduct or performance issues and the appropriate procedures should be invoked in those circumstances.

#### **LGPS Administration Regulations – Regulation 25 (3) and LGPS Benefits Regulations – Regulation 15 (3): Shared Cost Additional Contribution Facility**

##### **Explanation & Employer's Policy**

This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.

The Council has not adopted this discretion. This will not have any effect on the existing AVC facility available where the employee only is able to make such contributions.

#### **LGPS Benefits Regulations - Regulation 12: Augmentation (increase of scheme membership)**

##### **Explanation & Employer's Policy**

An employer may resolve to increase the total membership of an active member.

The Council has not adopted this discretion. This decision does not affect the discretion available to the employer to allow a scheme member to convert a lump sum discretionary payment using the augmentation factors. (See Early Termination of Employment Discretionary Compensation).

#### **LGPS Benefits Regulations - Regulation 13: Power of employer to award additional pension**

##### **Explanation & Employer's Policy**

An employer may resolve to award a member additional pension of not more than £5000 a year payable from the same date as his pension payable under any other provisions of these Regulations. Additional pension may be paid in addition to any increase of total membership resolved to be made under regulation 12.

The Council has not adopted this discretion.

#### **The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006**

New provisions provide local government employers with the powers to consider making a one off lump sum payment to an employee which must not exceed 104 week's pay. The regulations no longer provide for the award of compensatory added years.

This statement is applicable to all employees of Charnwood Borough Council who are eligible to be members of the LGPS.



## **Regulation 5: Power to increase statutory redundancy payments**

### **Explanation & Employer's Policy**

The Employer may decide to calculate a redundancy payment entitlement as if there had been no limit on the amount of a week's pay used in the calculation.

The Council has decided to adopt this discretion and base redundancy payment calculations on an unrestricted week's pay.

## **Regulation 6: Discretionary Compensation**

### **Explanation & Employer's Policy**

A "one off" lump sum compensation payment may be awarded to an employee up to a maximum value of 104 weeks' pay, inclusive of any redundancy payment made. If the above Regulation is adopted, employees who are members of the LGPS can be given the option of converting compensation payments, (less the statutory redundancy payment), into additional pensionable service, in accordance with the augmentation factors provided by the authority. An employer should specify whether they intend to provide this option.

Employees who have been continually employed for two years or more by members of the modification order will receive a redundancy payment. The payment is based on the statutory formula with a multiplier X 2 applied. The maximum number of weeks an individual can receive is 60 weeks. Employees have the option of using their redundancy payment, in excess of the statutory redundancy payment, to purchase a period of membership in the LGPS.

## COUNCIL – 25TH FEBRUARY 2019

### Report of the Scrutiny Management Board

#### ITEM 6.5 NEW SCRUTINY COMMITTEE STRUCTURE

##### Purpose of Report

To present proposals for a new scrutiny committee structure.

Note: the executive, regulatory and governance committees of the Council would be unchanged.

##### Recommendations

1. That the current scrutiny committee structure set out in the Constitution be replaced with the following committees as from the commencement of the 2019/20 civic year:
  - Scrutiny Commission (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),
  - Scrutiny Call-In Committee (consisting of 8 members being the Chairs and Vice-chairs of the other 4 scrutiny committees, quorum to be 5 members),
  - Corporate Services Scrutiny Committee (consisting of 7 members selected on a politically balanced basis; quorum to be 4 members),
  - Housing, Planning & Regeneration and Regulatory Services Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),
  - Neighbourhoods & Community Wellbeing Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members).
2. That the overall areas of responsibility for each of the new scrutiny committees be as summarised in Part B of the report of the Monitoring Officer (attached as Annex 1).
3. that the amendments to the Council's Constitution set out in Annex 2 be made with effect from the commencement of the 2019/20 civic year.

##### Reasons

- 1 - 3. To implement a new scrutiny committee structure, following on from the recommendation made by the Centre for Public Scrutiny that the current scrutiny structure should be reviewed.

## Policy Justification and Previous Decisions

At its meeting on 23rd January 2019, the Scrutiny Management Board considered a report of the Monitoring Officer setting out proposals for a new scrutiny committee structure for recommendation to full Council. A copy of that report, which includes the policy justification for the proposals, is attached as Annex 1.

The following minute extract details the Board's consideration of the matter:

### ***"32. NEW SCRUTINY COMMITTEE STRUCTURE***

*Considered a report of the Monitoring Officer setting out proposals for a new scrutiny committee structure, for recommendation to full Council (item 8 on the agenda filed with these minutes).*

*The Head of Strategic Support assisted with consideration of the report. Further to the report, he stated that the recommendations set out, if agreed by the Board, would be submitted to Council on 25th February 2019. If agreed by Council, a further report setting out a 2019/20 meetings schedule to accord with the revised scrutiny structure would be submitted to the next Council meeting on 25th March 2019. A report would also be submitted to the next meeting of the Board on 6th March 2019 to enable it to review the current scrutiny work programme and allocate items it wished to be carried over to the new scrutiny structure. The Head of Strategic Support also advised that the correct name of the proposed scrutiny committee under the fourth bullet point of recommendation 1 in the report was the Housing, Planning, Regeneration and Regulatory Services Scrutiny Committee.*

*The Board asked the Head of Strategic Support to:*

- (i) Ensure that it was clear in the report submitted to Council on 25th February 2019 that it was only proposed to change the scrutiny structure and that the executive, regulatory and governance committees of the Council would be unchanged.*
- (ii) Ensure that the report to be submitted to the Board on 6th March 2019 to allocate items to the new scrutiny structure clearly states, for each item, a recommendation as to the new scrutiny committee it is most appropriately allocated to, perhaps via an extra column indicating that on the current scrutiny work programme.*

***RESOLVED*** that it be recommended to Council that:

- 1. that the current scrutiny committee structure set out in the Constitution be replaced with the following committees as from the commencement of the 2019/20 civic year:*
  - Scrutiny Commission (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),*
  - Scrutiny Call-In Committee (consisting of 8 members being the Chairs and Vice-chairs of the other 4 scrutiny committees, quorum to be 5 members),*

- *Corporate Services Scrutiny Committee (consisting of 7 members selected on a politically balanced basis; quorum to be 4 members),*
  - *Housing, Planning, Regeneration and Regulatory Services Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),*
  - *Neighbourhoods & Community Wellbeing Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members);*
2. *that the overall areas of responsibility for each of the new scrutiny committees be as summarised in Part B of the report of the Monitoring Officer;*
  3. *that the Constitution be amended as required to implement the new scrutiny committee structure as set out in resolutions 1 and 2 above, with the detailed amendments to be set out by the Monitoring Officer for Council within a report to Council.*

#### Reason

- 1 to 3. *To implement a new scrutiny committee structure, following on from the recommendation made by the Centre for Public Scrutiny that the current scrutiny structure should be reviewed.”*

#### Implementation Timetable including Future Decisions and Scrutiny

As set out in the recommendations, the changes would take effect from the start of the 2019/20 civic year. If adopted, details of the new structure would be submitted to the Independent Remuneration Panel for it to consider Special Responsibility Allowances for the Chair and Vice-chair positions.

#### Report Implications

As detailed in Annex 1.

Background Papers: [Centre for Public Scrutiny Report, February 2018](#)

Officers to Contact: Adrian Ward  
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Monitoring Officer  
01509 634573  
[adrian.ward@charnwood.gov.uk](mailto:adrian.ward@charnwood.gov.uk)

#### Annexes

- Annex 1 Report of the Monitoring Officer considered by the Scrutiny Management Board
- Annex 2 Proposed Amendments to the Constitution

**SCRUTINY MANAGEMENT BOARD – 23RD JANUARY 2019****Report of the Monitoring Officer****Part A****ITEM            NEW SCRUTINY COMMITTEE STRUCTURE****Purpose of Report**

To present proposals for a new scrutiny committee structure for recommendation to full Council.

**Recommendations**

That it be recommended to Council that:

1. That the current scrutiny committee structure set out in the Constitution be replaced with the following committees as from the commencement of the 2019/20 civic year:
  - Scrutiny Commission (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),
  - Scrutiny Call-In Committee (consisting of 8 members being the Chairs and Vice-chairs of the other 4 scrutiny committees, quorum to be 5 members),
  - Corporate Services Scrutiny Committee (consisting of 7 members selected on a politically balanced basis; quorum to be 4 members),
  - Housing, Planning & Regulatory Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members),
  - Neighbourhoods & Community Wellbeing Scrutiny Committee (consisting of 7 members selected on a politically balanced basis, quorum to be 4 members).
2. That the overall areas of responsibility for each of the new scrutiny committees be as summarised in Part B of this report.
3. That the Constitution be amended as required to implement the new scrutiny committee structure as set out in recommendations 1 and 2, with the detailed amendments to be set out by the Monitoring Officer for Council within a report to Council.

**Reasons**

- 1 to 3. To implement a new scrutiny committee structure, following on from the recommendation made by the Centre for Public Scrutiny that the current scrutiny structure should be reviewed.

### Policy Justification and Previous Decisions

These proposals have been formulated in response to a recommendation from the Centre for Public Scrutiny that the Council should consider reviewing its scrutiny committee structure.

### Implementation Timetable including Future Decisions and Scrutiny

As the recommendations will require amendments to the Constitution, they will require approval by full Council.

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

It is anticipated that the proposed new committee structure can be supported from within existing budgets and staffing resources.

#### *Risk Management*

There are no specific risks associated with this decision.

Background Papers:

CfPS Report

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## Part B

### Background

1. The Centre for Public Scrutiny (CfPS) produced a report in February 2018 with a number of recommendations to improve the Council's scrutiny arrangements, one of which was to:

***'Review the structure of scrutiny committees with the aim of making them more outcome focused***

*Changing the structure of scrutiny committees is rarely a panacea in terms of bringing about immediate changes, the cultural issues are more important. However, we received feedback from the majority of people (members and officers) that the current structure is complex and therefore confusing and involves lots of officer time in supporting and attending all the committees.*

*There are benefits to the current structure in terms of wider understanding of the organisation and the focus on policy, which many organisations do not achieve in scrutiny. However, they appear to be outweighed by issues such as members being unable to develop more in-depth knowledge, build relationships with key people and understand issues relating to a topic/ service over a period of time.*

*Given the need for scrutiny to become more outcome focused, a structure which reflects the corporate priorities or is more aligned to outcomes or even service departments could work well in the future. We are happy to provide further advice on what the new structure could be, although the best approach would be to review with Members'.*

2. Consultation and discussions have been held with members of the Scrutiny Management Board and Cabinet, and the proposals within this report have been drawn up as a result suggesting a structure based on service directorates, overseen by a Scrutiny Commission committee.
3. A summary of the areas of responsibility for each of the proposed committees is set out below.

### **SCRUTINY COMMISSION**

4. The Scrutiny Commission would have responsibility for the following functions:
  - Cabinet pre-decision scrutiny (currently undertaken by the Overview Scrutiny Group)
  - Establishing and overseeing scrutiny task-and-finish panels (currently undertaken by the Scrutiny Management Board and by the Policy Scrutiny Group)
  - Allocating items to the work programme for other scrutiny committees (currently undertaken by the Scrutiny Management Board)
  - Considering councillor 'call for actions' (currently undertaken by the Scrutiny Management Board).
5. During informal consultation, Scrutiny Management Board members expressed the view that the Scrutiny Commission should consist of 5

members, whereas Cabinet members expressed the view that it should have 7 members to ensure a wider spread of views from councillors.

### **SCRUTINY CALL-IN COMMITTEE**

6. The Scrutiny Call-In Committee would meet on an ad-hoc basis to consider any call-ins of executive decisions taken by Cabinet or officers. It would consist of 8 members, these being the Chairs and Vice-chairs of the other scrutiny bodies, and would be chaired by Chair/Vice-chair of the Scrutiny Commission.

### **DIRECTORATE BASED COMMITTEES**

7. It is proposed to have 3 scrutiny committees responsible for focussing on the services delivered by the Council's 3 strategic directorates. This will allow members of the committees to become familiar with the relevant services in each directorate, and should facilitate a more rounded approach to scrutiny right through from policy formulation and development, to operational delivery and performance management.

### **CORPORATE SERVICES SCRUTINY COMMITTEE**

8. The Corporate Services Scrutiny Committee would have responsibility for scrutinising all the services delivered by the relevant directorate, including finance & budgets, property & asset management, revenues & benefits, information & communication services, customer services, corporate projects, democratic services & mayoralty, support services (legal, HR, audit, insurance, elections & land charges), and emergency planning / community resilience.

### **HOUSING, PLANNING & REGULATORY SCRUTINY COMMITTEE**

9. The Housing, Planning & Regulatory Scrutiny Committee would have responsibility for scrutinising all the services delivered by the relevant directorate, including landlord services / council housing, strategic & private sector housing, homelessness, planning & development control, building control, car parks, environmental health and street management.

### **NEIGHBOURHOODS & COMMUNITY WELLBEING SCRUTINY COMMITTEE**

10. The Neighbourhoods & Community Wellbeing Scrutiny Committee would have responsibility for scrutinising all the services delivered by the relevant directorate, including scrutinising the Community Safety Partnership (which is a required statutory scrutiny function), CCTV, community safety and ASB, neighbourhoods and partnerships, community grants, leisure centres, Loughborough Town Hall, markets, refuse collection and street cleaning, open spaces, and the cemetery.

### **TIMETABLING AND FREQUENCY OF MEETINGS**



11. It is currently anticipated that the proposed scrutiny committees would meet on the following frequencies, although each committee would be able to convene additional meetings as provided for within the Constitution:

Scrutiny Commission: monthly meetings prior to each Cabinet meeting to allow Cabinet pre-decision scrutiny to be undertaken,

Scrutiny Call-In Committee: ad-hoc meetings to consider call-ins as they occur,

Directorate Based Scrutiny Committees: quarterly meetings to allow relevant corporate performance data to be scrutinised.

12. This frequency of meetings would result in 23 scrutiny committee meetings per year plus any call-in meetings that are required. For comparison there are 27 scrutiny committee meetings that have taken place or are programmed for 2018/19, excluding those meetings that considered call-ins.
13. If the scrutiny structure proposals are agreed by Council, it will be necessary to timetable relevant meeting dates in the schedule of committee meetings for the next Council year.

## AMENDMENTS TO THE CONSTITUTION (shown in red)

## Chapter 1: CITIZENS' RIGHTS AND OTHER BASIC RULES

- work to improve the good governance of the Council and Council services
- represent the Council on other bodies.

**(c) Rights and duties of Councillors**

The Council will give Councillors the information and resources they need to do their jobs, as far as the law allows.

Councillors must obey the law and follow the members' code of conduct (see 20). They are guided by the protocol on member/officer relations (see 22), the protocol on presentations (see 25), and the members' planning code of good practice (see 24).

Councillors can exercise the following rights to speak at meetings for up to five minutes and may answer questions after that:

- one of the Councillors who called-in a decision may address the meeting of the Scrutiny **Call-in Committee** considering the call-in
- the Chair or Vice-chair of a scrutiny body may address the Cabinet or a committee in presenting that body's report
- the Chair or Vice-chair of the Audit Committee may address the Cabinet or a committee when referring matters of concern
- one of the Councillors, who submitted notice of a motion to full Council may address the body to which the motion is referred.

Councillors observing a meeting are entitled to remain even though the public and the press have been excluded.

**(d) Councillors' allowances**

Councillors can claim allowances (see 19).

### **(c) Executive decisions**

The Cabinet takes decisions collectively at Cabinet meetings. Some decisions are delegated to Cabinet members or officers (see 4.5 and 8.3).

Cabinet decisions must be consistent with the overall policies of full Council (policy framework). They must also be within the budget set by full Council.

### **(d) Key decisions**

Some decisions that the Cabinet takes are identified as being particularly important and are known as key decisions (see 13). When the Cabinet is going to take a key decision, it should be shown in the Forward Plan (see 13) to provide Councillors and the public with advance notice.

### **(e) Role of the Leader**

The Leader is responsible for:

- appointing and removing the Deputy Leader
- appointing members to and removing members from the Cabinet
- allocating executive responsibilities
- chairing Cabinet meetings.

## **1.5 Other committees that take decisions**

Other committees that take decisions include the plans committee, appeals and reviews committee, member conduct committee, personnel committee, licensing committee, and audit committee. Section 5 describes their roles.

## **1.6 Scrutiny**

### **(a) Scrutiny bodies**

The Council has four permanent scrutiny bodies, **all** of which are politically-balanced committees. The Scrutiny **Commission** may establish task and finish panels to carry out particular scrutiny reviews.

## Chapter 6 . ROLES OF SCRUTINY BODIES

6.1 Areas of work of scrutiny bodies	6.1
6.2 What powers do scrutiny bodies have?	6.2
6.3 Roles of scrutiny bodies	6.3

### 6.1 Areas of work of scrutiny bodies

The Council has appointed four **standing** scrutiny bodies, **all** of which are politically-balanced committees

Body	Areas of work
Scrutiny <b>Commission</b> (politically balanced)	(i) Setting, managing and controlling the scrutiny work programme and coordinating scrutiny generally (ii) Establishing scrutiny panels and determining their scope, terms of reference and timing (iii) Considering recommendations from scrutiny panels before they are referred by the <b>Commission</b> to Cabinet, Council or a committee (iv) Reviewing proposed decisions on the Forward Plan and the agenda for forthcoming Cabinet meetings and making recommendations to Cabinet in respect of those proposed decisions (v) Responding to Councillor Calls for Action (vi) Monitoring the effectiveness of scrutiny through reviewing the implementation of recommendations (vii) Considering petitions holding officers to account in accordance with the Council's Petition Scheme

Body	Areas of work
<p><b>Corporate Services Scrutiny Committee (politically balanced)</b></p>	<p><b>For the services falling within the Corporate Services Directorate:</b></p> <ul style="list-style-type: none"> <li>(i) Scrutiny of external public service providers and partners</li> <li>(ii) Scrutiny of outside bodies, especially those which the Council gives grants to and/or has service level agreements with</li> <li>(iii) Scrutiny of services which are shared with other local authorities including joint scrutiny of those services</li> <li>(iv) Receiving regular performance and financial monitoring reports</li> <li>(v) Identifying areas of underperformance or where performance could be improved which requires further scrutiny</li> <li>(vi) Investigating how improvements in performance can be made through examining best practice and performance at other councils</li> <li>(vii) Engaging at the earliest possible stage when the Council reviews existing policies or identifies the need for new policies to provide scrutiny input into the process for developing those policies</li> <li>(viii) Identifying where new or existing services may need a policy document to describe how they will be delivered</li> <li>(ix) Reviewing the processes used to develop policy, including how consultation and stakeholder engagement are undertaken, the format of policy documents and how the successful implementation of policies is measured</li> <li>(x) Looking at other ways in which scrutiny can assist in policy formulation</li> </ul>
<p><b>Housing, Planning, Regeneration &amp; Regulatory Services Scrutiny Committee (politically balanced)</b></p>	<p><b>For the services falling within the Housing, Planning, Regeneration &amp; Regulatory Services Directorate:</b></p> <ul style="list-style-type: none"> <li>(i) Scrutiny of external public service providers and partners</li> <li>(ii) Scrutiny of outside bodies, especially those which the Council gives grants to and/or has service level agreements with</li> <li>(iii) Scrutiny of services which are shared with other local authorities including joint</li> </ul>



Body	Areas of work
	<p>scrutiny of those services</p> <p>(iv) Receiving regular performance and financial monitoring reports</p> <p>(v) Identifying areas of underperformance or where performance could be improved which requires further scrutiny</p> <p>(vi) Investigating how improvements in performance can be made through examining best practice and performance at other councils</p> <p>(vii) Engaging at the earliest possible stage when the Council reviews existing policies or identifies the need for new policies to provide scrutiny input into the process for developing those policies</p> <p>(viii) Identifying where new or existing services may need a policy document to describe how they will be delivered</p> <p>(ix) Reviewing the processes used to develop policy, including how consultation and stakeholder engagement are undertaken, the format of policy documents and how the successful implementation of policies is measured</p> <p>(x) Looking at other ways in which scrutiny can assist in policy formulation</p>
<p><b>Neighbourhoods &amp; Community Wellbeing Scrutiny Committee (politically balanced)</b></p>	<p><b>For the services falling within the Neighbourhoods &amp; Community Wellbeing Directorate:</b></p> <p><b>(i) Acting as the Council's crime and disorder committee by scrutinising the discharge of crime and disorder functions by the Council and other agencies through the Community Safety Partnership</b></p> <p>(ii) Scrutiny of external public service providers and partners</p> <p>(iii) Scrutiny of outside bodies, especially those which the Council gives grants to and/or has service level agreements with</p> <p>(iv) Scrutiny of services which are shared with other local authorities including joint scrutiny of those services</p> <p>(v) Receiving regular performance and financial monitoring reports</p>

Body	Areas of work
	(vi) Identifying areas of underperformance or where performance could be improved which requires further scrutiny (vii) Investigating how improvements in performance can be made through examining best practice and performance at other councils (viii) Engaging at the earliest possible stage when the Council reviews existing policies or identifies the need for new policies to provide scrutiny input into the process for developing those policies (ix) Identifying where new or existing services may need a policy document to describe how they will be delivered (x) Reviewing the processes used to develop policy, including how consultation and stakeholder engagement are undertaken, the format of policy documents and how the successful implementation of policies is measured (xi) Looking at other ways in which scrutiny can assist in policy formulation

**The Council has also established a Scrutiny Call-in Committee which meets to consider any scrutiny call-ins that may arise**

Body	Areas of work
<b>Scrutiny Call-in Committee (made up of the Chairs and Vice-Chairs of the four standing scrutiny bodies)</b>	<b>(i) Considering decisions of the Cabinet and officers which are called-in</b>

## 6.2 What powers do scrutiny committees have?

Scrutiny bodies can:

- Send reports and recommendations to the Cabinet or full Council on anything the Council is responsible for or anything that affects the Borough or its people.

- Monitor the Forward Plan and call for reports on items that are coming up
- Require senior officers and Cabinet members to attend their meetings and answer questions (see 11.14)
- Hold inquiries
- Invite people to their meetings and gather evidence from them.

The Scrutiny **Commission** may establish standing and ad hoc panels to undertake scrutiny inquiries and make recommendations.

### **6.3 Roles of scrutiny bodies**

#### **(a) Developing and reviewing policy**

Within their areas of work, scrutiny bodies can:

- Help full Council and the Cabinet to develop policy by studying issues in detail
- Carry out research and consultation on policy
- Consider and introduce schemes to involve the public in developing policy
- Work with national, regional and local organisations to promote the interest of local people.

#### **(b) Holding the executive to account**

Within their areas of work, scrutiny bodies can:

- Review the performance and decisions of the Cabinet, members of the Cabinet and Council officers (but not decisions on individual planning or licensing applications)
- Review the Council's progress in achieving its policy aims and performance targets
- Review the performance of individual services.



**(c) Managing the budgets for scrutiny**

Scrutiny committees are responsible for any budgets they are given.

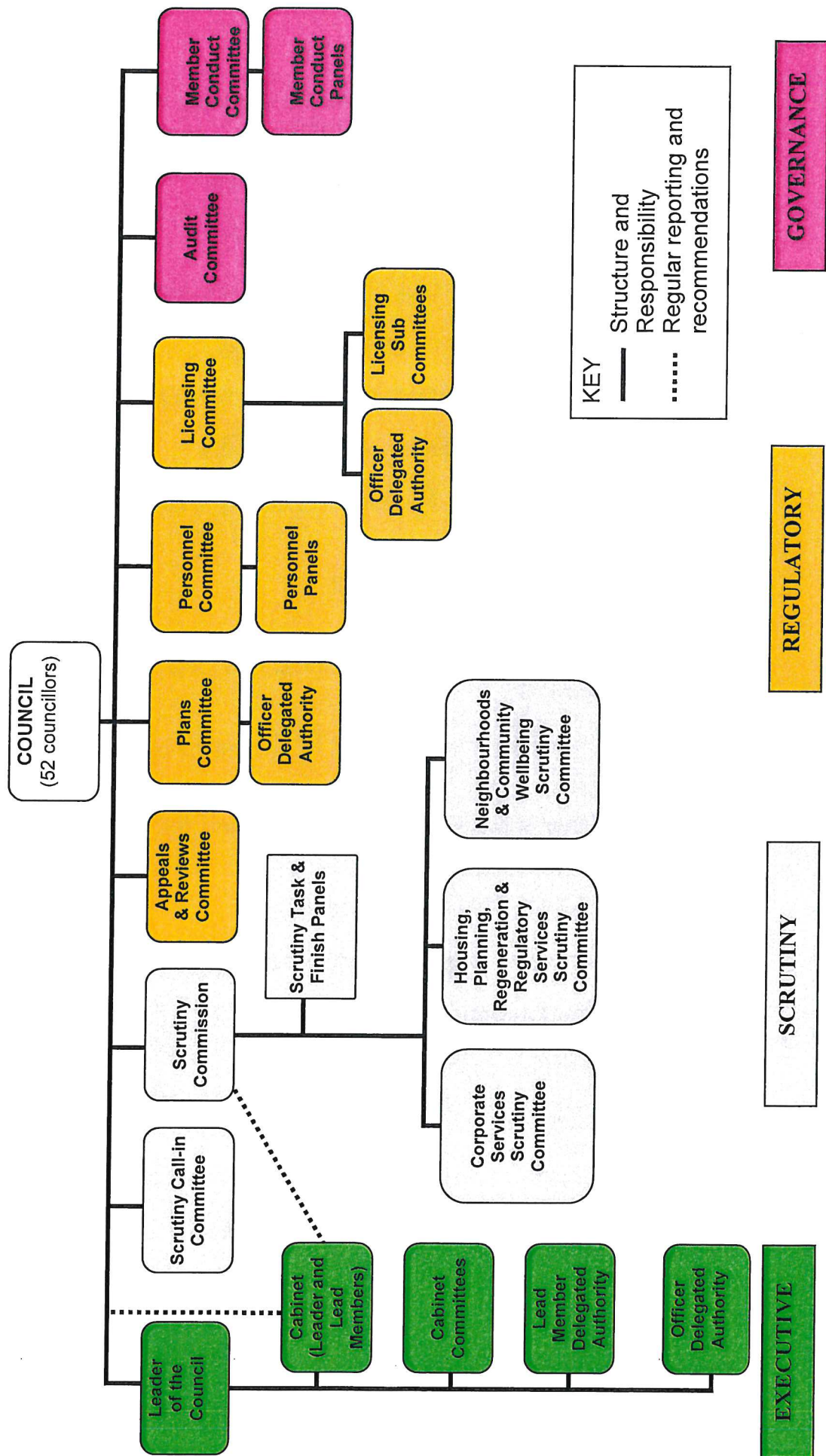
**(d) Holding others to account**

Scrutiny committees can hold other public service providers to account.

**(e) Annual report**

The Scrutiny **Commission** must report annually to Council on the workings of scrutiny bodies and the operation of the scrutiny function generally.

# CHARNWOOD BOROUGH COUNCIL – DECISION MAKING STRUCTURE



## Chapter 9: FULL COUNCIL PROCEDURES

- (j) Consider references from the Scrutiny **Call-in Committee** following a call-in (see 9.11 (c))
- (k) Receive position statements (see 9.10)
- (l) Consider motions on notice (see 9.12)
- (m) Receive questions on notice from Councillors (see 9.9)
- (n) Consider minute referrals (see 9.11(b))
- (o) Consider urgent decisions exempted from call-in (see 9.11 (d))
- (p) Deal with any other items on the agenda
- (q) Deal with any business containing exempt or confidential information.

### 9.3 Special meetings of full Council

The Chief Executive can be required to call a special meeting by full Council, the Mayor, the Monitoring Officer, the Chief Finance Officer or any five Councillors.

The Chief Executive may also call a special meeting at her or his discretion.

Special meetings will only deal with the business they have been called for.

### 9.4 Time and place of full Council meetings

The time and place of meetings are decided by the Chief Executive.

### 9.5 Quorum for full Council

The quorum will be a quarter of all Councillors.

If a quorum is not present at the time the meeting is due to start, the start time of the meeting will be put back by 30 minutes. If there is still no quorum, the business will be deferred until a quorate meeting can be arranged. If a meeting becomes inquorate part of the way through, business will halt for five minutes. If there is still no quorum, the business will be deferred until a quorate meeting can be arranged.

### 9.11 Consideration of Cabinet, committee and other business

- (a) Reports and recommendations from the Cabinet will be moved by the Leader or the relevant Cabinet Lead Member. Reports and recommendations from committees will be moved by the chair or another member of the committee. Reports from officers may be moved by any Councillor. The debate on the motion will follow the Rules of Debate.
- (b) Where notice has been given to the Head of Strategic Support by five Councillors by noon on the fifth working day after the publication of the minutes of the Cabinet or a committee that they wish the minutes specified to be considered by Council, the consideration will follow the procedure for questions and statements without notice. No other debate will be allowed. This provision also applies to minutes of the Performance Scrutiny Panel and the Policy Scrutiny Group.

In order for minutes to be considered at a particular Council meeting, notice must be given to the Head of Strategic Support no later than noon on the sixth working day before the meeting. Minutes will be considered at the first meeting for which appropriate notice has been given.

- (c) The Chair or any member of the Scrutiny **Call-in Committee** will move that any matter referred to Council following the call-in of a decision by the Scrutiny **Call-in Committee** be either accepted by the Council, with or without comment, or referred back to the Cabinet or other decision-making body or person together with the Council's views. The debate on the motion will follow the Rules of Debate.
- (d) Where an urgent decision is taken by the Cabinet or an urgent key decision taken by an officer which is exempted from call-in in accordance with Rule 11.9, the decision will be reported to the next available Council meeting. The Council's consideration of the matter will follow the procedure for questions and statements without notice. No other debate will be allowed.

### 9.12 Motions on notice

#### (a) Giving notice of motions



## Chapter 11 SCRUTINY COMMITTEE PROCEDURES

11.1 Number of scrutiny bodies	11.1
11.2 Membership and quorum of scrutiny bodies	11.2
11.3 Co-opted members of scrutiny bodies	11.4
11.4 Scrutiny meetings	11.4
11.5 Chairs and vice chairs of scrutiny bodies	11.5
11.6 Programme of work	11.5
11.7 Call In	11.6
11.8 Decision believed to be outside the budget or policy framework	11.7
11.9 Urgent decisions and call-in	11.8
11.10 Agenda	11.8
11.11 Policy review and development	11.10
11.12 Reports from scrutiny bodies	11.10
11.13 Scrutiny body members' rights to see documents	11.11
11.14 Duty of Cabinet members and officers to attend scrutiny bodies	11.11
11.15 Whipping	11.12
11.16 Questions on notice	11.12
11.17 Witnesses at scrutiny bodies	11.13
11.18 Voting	11.13
11.19 Length of meetings	11.13
11.20 Gaps in these procedures	11.14

### 11.1 Number of scrutiny bodies

Full Council has appointed the five scrutiny bodies set out in section 7.

The Scrutiny **Commission** may appoint scrutiny panels to produce in-depth reviews of particular subjects. Such panels will report their findings to the Scrutiny **Commission**. The Scrutiny **Commission** will consider completed panel reports and will either submit the report to Cabinet, Council or a committee (as appropriate), with or without minor amendments, or refer the report back to the originating panel if the **Commission** does not support the panel's recommendations.

### 11.2 Membership and quorum of scrutiny bodies

#### (a) Members of scrutiny bodies

The scrutiny bodies appointed by full Council will have the following membership.

Body	Size	Quorum	Substitutes
Scrutiny Commission	<p>Chair and Vice-chair plus five other members</p> <p>The number of members from each political group will be in proportion to its size and appointments will be made by Council</p>	Four	Permitted
Scrutiny Call-in Committee	<p>Eight</p> <p>(Membership will consist of the Chairs and Vice-Chair of the Scrutiny Commission, who will be the Chair and Vice-chair of the Committee, and the Chairs and Vice-chairs of the other three Scrutiny Committees)</p>	Five	Permitted
Corporate Services Scrutiny Committee	<p>Chair and Vice-chair plus five other members</p> <p>The number of members from each political group will be in proportion to its size and appointments will be made by</p>	Four	Permitted

Body	Size	Quorum	Substitutes
	<b>Council</b>		
<b>Housing, Planning, Regeneration &amp; Regulatory Services Scrutiny Committee</b>	<b>Chair and Vice-chair plus five other members</b>  <b>The number of members from each political group will be in proportion to its size and appointments will be made by Council</b>	<b>Four</b>	<b>Permitted</b>
<b>Neighbourhoods &amp; Community Wellbeing Scrutiny Committee</b>	<b>Chair and Vice-chair plus five other members</b>  <b>The number of members from each political group will be in proportion to its size and appointments will be made by Council</b>	<b>Four</b>	<b>Permitted</b>

The Scrutiny **Commission** may establish scrutiny panels to undertake scrutiny of a particular subject over a limited time period. Scrutiny Panels will be chaired by either the **Chair or Vice-Chair of the Commission or by a Chair or Vice-chair of one of the other three Scrutiny Committees.**

Except for co-opted members (see 11.3), members of scrutiny bodies and their substitutes must be Councillors and they cannot be members of the Cabinet.

The Head of Strategic Support may make appointments to scrutiny panels in accordance with expressions of interest received from Councillors who are not members of the Cabinet.

### **(b) Conflicts of interest and Members' Code of Conduct**

Members of scrutiny bodies should not scrutinise decisions they have made.

When required to do so by the Members' Code of Conduct, a member must not participate in an item of business and must withdraw from the meeting when it is considered.

### **(c) Substitutes**

Members of scrutiny bodies can send other Councillors as substitutes. These will have the powers of an ordinary member of the committee. Substitutions must be for a whole meeting. A member cannot take over from their substitute or hand over to them part of the way through.

There is one exception to this: a member of a panel established by the Scrutiny **Commission** may not send a substitute.

If a member wants to send a substitute, they must tell the Head of Strategic Support before the meeting.

Substitutes cannot appoint substitutes of their own.

### **(d) Procedures when a Councillor resigns from a committee**

A Councillor can resign from a scrutiny body by writing to the Head of Strategic Support. A replacement member will be appointed at the next full Council meeting. The Head of Strategic Support may make interim appointments where a nomination is received from the leader of the group which has the right to make nominations to fill the vacancy.

### **(e) Procedure when a committee member stops being a Councillor**

If a member of a scrutiny body stops being a Councillor, a replacement member will be appointed at the next full Council meeting. The Head of Strategic Support may make interim appointments where a nomination is received from the leader of the group which has the right to make nominations to fill the vacancy.



### **11.3 Co-opted members of scrutiny bodies**

Each scrutiny committee shall be entitled to recommend to Council the appointment of a number of people as non-voting co-opted members.

Other scrutiny bodies and panels shall be entitled to recommend to the Scrutiny **Commission** the appointment of a number of people as non-voting co-opted members.

### **11.4 Scrutiny meetings**

#### **(a) Ordinary meetings**

Scrutiny bodies other than scrutiny panels meet on dates set by full Council. Scrutiny panels meet on dates agreed by the Head of Strategic Support. Scrutiny bodies may decide to hold extra meetings or alter the dates of meetings.

#### **(b) Special meetings**

The Head of Strategic Support can arrange additional meetings after consulting the Chair.

The Chair of a scrutiny body may require the Head of Strategic Support to call a special meeting of that body at any time. A special meeting must also be called when at least three members of the body give notice in writing to the Head of Strategic Support that a meeting is required.

Special meetings will only deal with the business they have been called to deal with.

#### **(c) Cancelling a meeting**

If a scrutiny body has nothing to do at one of its ordinary meetings, the Head of Strategic Support can cancel it after consulting the Chair.

### **11.5 Chairs and vice chairs of scrutiny bodies**

#### **(a) Appointment of chairs and vice-chairs**

The Council will annually appoint a Chair and a Vice-chair of the Scrutiny **Commission; Corporate Services Scrutiny Committee; Housing, Planning, Regeneration & Regulatory Services**

### **Scrutiny Committee; and Neighbourhoods & Community Wellbeing Scrutiny Committee.**

The Scrutiny **Commission** will appoint a Chair and may appoint a Vice-chair for any scrutiny panel, who will both be either the Chair or Vice-chair of the Scrutiny **Commission, or a Chair or Vice-Chair of one of the other Scrutiny Committees.**

#### **(b) Resignation of chair of vice chair**

If a Councillor wants to resign as chair or vice chair, they must write to the Head of Strategic Support. A new chair or vice chair will be appointed at the next appropriate meeting.

### **11.6 Programme of work**

The Scrutiny **Commission** will be responsible for setting the overall scrutiny work programme. Any scrutiny body may suggest items for the scrutiny work programme to the Scrutiny **Commission**. Once an item has been added to the work programme and identified as the responsibility of a particular scrutiny body, that body may:

- (i) schedule or reschedule the date of that item's consideration;
- (ii) choose to request an officer briefing on the subject to enable it to determine how to proceed with scrutiny of the matter;
- (iii) decide which Councillors, officers and other people it wishes to require to attend its meetings in accordance with sections 11.14 and 11.18.

**Scrutiny committees may also identify and schedule items for their own work programmes without reference to the Scrutiny Commission, as long as they fall within their areas of responsibility.**

The Chair, and where appropriate the Vice-chair of a scrutiny body, may liaise with relevant officers to finalise such matters as the content of reports, obtaining background information, inviting witnesses and the rescheduling of items.

### **11.7 Call-in**

The following decisions can be called-in:

- decisions of the Cabinet and committees of the Cabinet
- decisions taken by single Cabinet members

- key decisions taken by officers.

After a decision is taken that could be called-in, a notice of that decision will be published, including electronically, normally within three working days. The notice will be sent to all Councillors at the time at which it is published.

The notice of decision will include the date it was published and will say that the decision will come into force if it is not called-in by noon on the fifth working day after that date.

Decisions can be called-in by the Chair and Vice-chair of the Scrutiny **Commission** or by five Councillors by providing notice in writing to the Head of Strategic Support setting out the reasons for the call-in and an indication of a preferred outcome or variation of the decision. If a decision is being called-in because it is believed to be outside the budget and policy framework, the call-in must say so. One of the Councillors calling-in a decision may address the meeting of the Scrutiny **Call-in Committee**.

When a decision is called-in, the Head of Strategic Support will tell the person or body that took the decision and arrange a meeting of the Scrutiny **Call-in Committee** to consider the call-in.

In the case of the call-in of a Cabinet decision, the meeting of the Scrutiny **Call-in Committee** should take place prior to the next scheduled meeting of the Cabinet, taking into account the requirements of the Access to Information Procedure Rules, or in such longer period as may be agreed with the Leader. In other cases, the meeting of the Scrutiny **Call-in Committee** should take place within fifteen working days of the decision to call it in or such longer period as may be agreed with the decision taker. One of the members calling in the decision shall be given the opportunity to address the **Committee**. The Head of Strategic Support shall, in consultation with the Chair and Vice-chair of the **Committee** make arrangements for relevant members of Cabinet and relevant officers to attend the meeting and invite such other persons that may assist the **Committee** in considering the matter.

The Scrutiny **Call-in Committee** can decide to:

- support the decision, which can then be implemented immediately or
- send the decision back with its comments to the decision taker who will then take a final decision or



- having sought advice from the Monitoring Officer and the Chief Finance Officer, send comments to full Council on any decision that recommends changing the budget or policy framework.

If the decision is sent back to the Cabinet, the Chair or Vice-chair of the Scrutiny **Call-in Committee** may address the Cabinet meeting.

#### **11.8 Decision believed to be outside the budget or policy framework**

- (a) When a decision is called-in and the Scrutiny **Call-in Committee** believes the decision is outside the budget or policy framework, it will seek advice from the Monitoring Officer and/or the Chief Finance Officer.
- (b) If the decision is not outside the budget or policy framework, the Scrutiny **Call-in Committee** will consider the call-in in the normal way.
- (c) If the decision is outside the budget or policy framework, it will go as a recommendation to full Council, along with any comments from the Committee. Full Council can then:
  - make the decision-maker reconsider the decision, or
  - change the budget or policy framework so that the decision is within it – the decision can then be acted on immediately.

#### **11.9 Urgent decisions and call-in**

A decision to be taken will not be subject to call-in if the Chair of the Scrutiny **Commission**, upon being consulted, agrees that:

- the decision to be taken is both urgent and reasonable and
- the delay caused by the call-in process would not be in the interests of the Council or the public.

If the Chair of the Scrutiny **Commission** is not available, the Mayor must agree that the decision to be taken is urgent and reasonable. If the Mayor is not available, the Deputy Mayor, Chief Executive or the Chief Executive's nominee must agree.

If the Mayor is consulted under this procedure in the period between Borough Council elections and the Annual Council meeting following those elections and the Mayor has not stood for re-election or has stood for re-

election but not been elected, then the Mayor should be consulted in conjunction with the Chief Executive.

Decisions to which this rule applies must be identified on the notice of decision.

Decisions to which this rule applies must be reported to the next ordinary full Council meeting with the reasons why they were urgent.

## **11.10 Agenda**

### **(a) Putting items on the agenda**

Any member of a scrutiny body can put an item on that body's agenda if they write to the Head of Strategic Support by noon on the sixth working day before the meeting. The item must be relevant to the work of the body. The purpose of the item will be to consider whether the matter should be included in the work programme or to recommend to the Scrutiny **Commission** that it is included.

**The Neighbourhoods & Community Wellbeing Scrutiny Committee is the Council's designated 'crime and disorder committee', and as such any member of the Council, including those who are not members of the committee, can put an item that relates to crime and disorder on the committee's agenda if they write to the Head of Strategic Support by noon on the sixth working day before the meeting.**

### **(b) Requests for reviews from full Council**

The Scrutiny **Commission** must include in the work programme anything full Council or a Committee asks them to review or provide a reason why it has decided not to do so.

### **(c) Requests for reviews from the Cabinet**

The Scrutiny **Commission** can (but does not have to) include in the work programme things the Cabinet asks it to review.

### **(d) Councillor Call for Action**

Any Councillor may, by giving notice to the Head of Strategic Support using the form provided, initiate a Councillor Call for Action relating to a local government matter that is not an excluded matter and where other routes to resolve the issue have not succeeded.

A Councillor Call for Action can only be initiated where:

- (i) it relates to the discharge of any of the Council's functions;
- (ii) it relates to a matter which affects the ward of the Councillor initiating it;
- (iii) it does not relate to individual planning decisions, licensing decisions or matters where the affected person or body has a statutory right of appeal;
- (iv) it does not relate to any matter which is vexatious, discriminatory or not reasonable to be included on the agenda for a scrutiny committee meeting.

The Head of Strategic Support will consult the Chair and Vice-Chair of the Scrutiny **Commission** to determine whether the request meets the criteria for a Councillor Call for Action. Where the request does not meet the criteria for a Councillor Call for Action, the Head of Strategic Support will inform the Councillor making the request of the decision. Where the request does meet the criteria for a Councillor Call for Action, the Head of Strategic Support will arrange for the matter to be included on the agenda for the next available meeting of the Scrutiny **Commission**.

Where a Councillor Call for Action is included on the agenda for a Scrutiny **Commission** meeting, the **Commission** will consider whether to include the subject of the Councillor Call for Action on the scrutiny work programme. The Councillor making the request may address the Scrutiny **Commission** before it is considered. If the **Commission** decides not to include the subject of the Councillor Call for Action on its work programme, it will provide the Councillor initiating the request with the reasons for its decision.

### 11.11 Policy review and development

Scrutiny bodies' role in developing the budget and policy framework is referred to in section 14.2.

In areas that are not covered by the budget and policy framework, scrutiny bodies can suggest policies for scrutiny to the Scrutiny **Commission** for inclusion in the work programme.

Scrutiny bodies can hold inquiries and consider future policy. This may involve appointing advisers, inviting witnesses, making site visits, holding public meetings, commissioning research or doing anything else that is necessary.



## 11.12 Reports from scrutiny bodies

### (a) Scrutiny reports

After considering an issue a scrutiny body may prepare a report and/or recommendations. The Scrutiny **Commission** and the **Scrutiny Committees** may send their reports to the Cabinet (if it is about executive responsibilities), to full Council (if it is about Council responsibilities or would result in a change to the budget or the policy framework) or to a committee (if it relates to the responsibilities of that committee).

Any other scrutiny body (**including any panel**) will send its report and/or recommendations to the Scrutiny **Commission**. The **Commission** will consider the matter and submit its report and/or recommendations to the Cabinet, full Council or the committee.

The Chair or Vice-chair of a scrutiny body may address the body to which it has submitted a report. In the case of a report or recommendations initiated by a scrutiny body other than the Scrutiny **Commission or one of the three Scrutiny Committees**, the Chair, or Vice-chair of the body that initiated the recommendations or report may do so.

### (b) Minority report

For each report, there can be a minority report giving any dissenting views. The Cabinet or full Council will consider the minority report at the same time as the committee report.

### (c) Which report is the main report and which is the minority one?

Each member of the scrutiny body can support one report but no more than one. The report with the most support will be the main report.

### (d) Timing

Once a report and/or recommendations are submitted to the Cabinet or full Council:

- the Cabinet must consider it at its next ordinary meeting if it is about executive responsibilities unless the next meeting is within ten working days of the report and/or

## Chapter 13: ACCESS TO INFORMATION PROCEDURES

If an officer is to take a key decision, at least five clear working days before it is taken the Council will publish details of the proposed decision on the Council's website and make them available at the Council's main offices.

### 13.8 The forward plan

#### (a) What is in the forward plan?

The forward plan will list any key decisions that are going to be taken. For each decision, it will say:

- what the decision is about
- who will take the decision
- when the decision will be taken
- who to contact for more information or to make comments on the matter
- which document the decision takers will consider.

The forward plan will also list any decisions that are to be taken in private.

#### (b) Publishing the forward plan

The forward plan will be published on the Council's website and made available for inspection at the Council's main offices.

#### (c) Exempt and confidential information

Exempt information need not be included in the forward plan. Confidential information cannot be included.

### 13.9 Procedure for taking urgent key decisions

#### (a) General Exception

If it is not practicable to give 28 clear days' notice of a key decision through including it in the forward plan, it can still be taken proving that the following procedure is followed.

Before a key decision for which 28 clear days' notice has not been given can be taken, the Head of Strategic Support must give notice to the Chair of the Scrutiny **Commission** (or each member of the **Commission** if there is no Chair). The notice will also be published on the Council's website and made available for inspection at the Council's main offices.



The decision cannot normally be taken until five clear working days after the notice has been issued.

**(b) Cases of Special Urgency**

If it is not practicable to wait until five clear working days after a general exception notice has been issued, the decision can be taken only if the Chair of the Scrutiny **Commission** has agreed that the decision is urgent and cannot reasonably be delayed. In the absence of the Chair of the Scrutiny **Commission**, the agreement of the Mayor (or, in his/her absence, the Deputy Mayor) must be obtained. If agreement is obtained the Council will publish a notice setting out why the decision is urgent and cannot be deferred.

If the Mayor is consulted under this procedure in the period between Borough Council elections and the Annual Council meeting following those elections and the Mayor has not stood for re-election or has stood for re-election but not been elected, then the Mayor should be consulted in conjunction with the Chief Executive.

Decisions to which the cases of special urgency rule applies must be reported to the next ordinary full Council meeting setting out the decisions which have been taken and the reasons why they were urgent. If no cases of special urgency have occurred in the previous 12 months the Leader will submit a report to full Council at the end of the Council year to that effect.

**13.10 Reports to full Council on decisions that were not in the forward plan**

If a scrutiny committee thinks that a key decision has been taken which was not included in the forward plan or the subject of the general exception procedure or the cases of special urgency procedure, it may require the Cabinet to report to full Council setting out the decision, the reasons for the decision and, if appropriate, why it was not considered to be a key decision.

Such a report can be required by the committee by resolution at one of its meetings, or by the Chair of the committee or any five members of the committee giving notice to the Head of Strategic Support.

## Chapter 14: BUDGET AND POLICY FRAMEWORK PROCEDURES

### 14.3 Decisions outside the budget or policy framework

- (a) The Cabinet, committees of the Cabinet, single Cabinet members and any officers carrying out executive responsibilities can only take decisions if they are
- in line with the budget and policy framework
  - allowed under 14.4 (urgent decisions)
  - allowed under the virement limits set out in the Financial Regulations in this Constitution and the Financial Procedure Rules maintained by the Chief Financial Officer.
  - necessary to obey the law or ministerial directions or government guidance.

Any other decisions must be recommended to full Council (see 14.2).

- (b) The Cabinet, committees of the Cabinet, single Cabinet members or officers carrying out executive responsibilities will seek the Monitoring Officer or Chief Finance Officer's advice if it is unclear whether proposals are in line with the budget and policy framework.

### 14.4 Urgent decisions outside the budget or policy framework

- (a) The Cabinet, committees of the Cabinet, single Cabinet members or officers carrying out executive responsibilities can take a decision that is outside the budget or policy framework if:
- it is urgent
  - it is not practicable to arrange a full Council meeting
  - the chair of the Scrutiny **Commission** agrees that the decision is urgent. (If the chair of the Scrutiny **Commission** is absent, the Mayor can agree that the decision is urgent. If the Mayor is absent, the Deputy Mayor can agree)
  - if the Mayor is consulted under this procedure in the period between Borough Council elections and the Annual Council Meeting following those elections and the

Mayor has not stood for re-election or has stood for re-election but not been elected, then the Mayor should be consulted in conjunction with the Chief Executive.

- (b) The record of the decision must say why it was not practicable to arrange a meeting of full Council. It must also say that the chair of the Scrutiny **Commission** (or Mayor or Deputy Mayor) agreed that the decision was urgent.
- (e) The decision must be reported to the next full Council meeting explaining the decision. This must say why the decision was taken, why it was urgent and why it was not practicable to arrange a meeting of full Council.

## Chapter 15: PETITION SCHEME

- (e) The Council will decide how to respond to the petition at this meeting. An officer report will accompany the petition and will outline the options open to the Council. If the Council has the power to take the action the petition requests it may choose to do so. If not, it may refer the matter to the Cabinet or appropriate committee for decision. Before it goes to the Cabinet/committee, the petition may be looked at by a scrutiny committee and the petition organiser may be invited to give evidence. The scrutiny committee's views will then be forwarded to the Cabinet/Committee for consideration along with the petition.
- (f) The petition organiser will receive written confirmation of the eventual decision. This confirmation will also be published on our website.

### **(g) Officer evidence**

Your petition may ask for a senior Council officer to give evidence at a public meeting about something for which the officer is responsible as part of their job. For example, your petition may ask a senior Council officer to explain progress on an issue, or to explain the advice given to elected members to enable them to make a particular decision.

- (h) If your petition is of this nature and contains at least 2000 signatures, the relevant senior officer will give evidence at a public meeting of the Council's relevant scrutiny committee. If you are unsure which senior officer is responsible for a particular service, please contact Democratic Services (telephone 01509 634781 or e-mail [democracy@charnwood.gov.uk](mailto:democracy@charnwood.gov.uk)).
- (i) You should be aware that the scrutiny committee may decide that it would be more appropriate for another officer to give evidence instead of any officer named in the petition – for instance if the named officer has changed jobs. The committee may also decide to call the relevant Cabinet lead member or committee chair to attend the meeting.

### **15.6 What can I do if I feel my petition has not been dealt with properly?**

- (a) If you feel that we have not dealt with your petition properly, the petition organiser has the right to request that the Council's Scrutiny **Commission** review the steps that the Council has taken in response to your petition. It is helpful to everyone, and can improve the prospects for a review if the petition organiser gives a short explanation of the reasons why the Council's response is not considered to be adequate. Once the appeal has been considered the petition organiser



## COUNCIL – 25TH FEBRUARY 2019

### Report of the Chief Executive

#### ITEM 12     URGENT EXECUTIVE DECISION EXEMPTED FROM CALL-IN

##### Purpose of Report

To note a decision which was exempted from call-in in accordance with Scrutiny Committee Procedure 11.9.

##### Action Requested

In accordance with Full Council Procedure 9.11(d) questions may be asked of the Leader in relation to the urgent decision that was taken. The Leader may ask the relevant Lead Member to respond.

##### Policy Justification and Previous Decisions

The call-in procedure provides for a period of five clear working days during which councillors can ask for decisions taken by the Cabinet and individual Cabinet members, and key decisions taken by officers to be reviewed. With the agreement of the Chair of the Scrutiny Management Board (or in his/her absence the Mayor or Deputy Mayor) a decision can be exempted from call-in if the decision to be taken is both urgent and reasonable and the delay caused by the call-in process would not be in the interests of the Council or the public. Scrutiny Committee Procedure 11.9 requires that decisions that are exempted from call-in are reported to Council.

##### *Member Grants Scheme*

On 2nd October 2018, Councillor Morgan, as Leader of the Council, took a decision to allocate Executive functions relating to the determination of applications under the Member Grants Scheme where the ward councillor concerned had a conflict of interest to the Cabinet Lead Member for Communities, Safety and Wellbeing.

In exercising that Executive function the Cabinet Lead Member for Communities, Safety and Wellbeing took a decision to award the following grant on 31st January 2019.

- That £500 be awarded to the Stonebow Washlands Group towards various works, including installing bird boxes, planting native trees and shrubs, litter picking and wildlife surveys.

The Chair of the Scrutiny Management Board has been consulted and has agreed that this decision be exempted from call-in, given its nature and low financial value. This is subject to review in the new financial year when the operation of the Grants Scheme will be reviewed.

The report considered by the Cabinet Lead Member for Communities, Safety and Wellbeing can be found in the Annex to this report.

Implementation Timetable including Future Decisions

As detailed within the Annex to this report.

Report Implications

As detailed within the Annex to this report.

Background Papers:     None

Officer to Contact:     Karen Widdowson  
Democratic Services Manager  
(01509) 634785  
[karen.widdowson@charnwood.gov.uk](mailto:karen.widdowson@charnwood.gov.uk)

Annex

Report considered by the Cabinet Lead Member for Communities, Safety and Wellbeing in respect of the Member Grants Scheme

**CABINET LEAD MEMBER DECISION MEETING – 31ST JANUARY 2019****Report of the Monitoring Officer  
Lead Member: Councillor Taylor****Part A****ITEM            MEMBER GRANTS SCHEME****Purpose of Report**

To bring forward recommendations for an award under the Member Grants Scheme where the Ward Councillor has declared a personal interest that might lead to bias.

**Recommendation**

That £500 be awarded to the Stonebow Washlands Group towards various works, including installing bird boxes, planting native trees and shrubs, litter picking and wildlife surveys.

**Reason**

To approve an award under the Member Grants Scheme where the relevant Ward Councillor has declared a personal interest that might lead to bias in connection to the organisation receiving the funding.

**Policy Justification and Previous Decisions**

The Member Grants Scheme was approved by Cabinet at its meeting on 12th April 2018 (minute reference 116).

Under the scheme each Councillor is allocated £1,000 to fund local community projects within their ward.

Situations are now arising where Ward Councillors are considering awarding grants under the scheme to organisations they have a connection to, which under the provisions of the Member Code of Conduct may result in them having a 'personal interest which might lead to bias'.

The Member Conduct Committee considered this matter at its meeting on 17th September 2018 and was of the view that in cases where a Ward Councillor has a conflict of interest that the grant application should be referred to the Cabinet for decision.

The Leader of the Council on 2nd October 2018 allocated this Executive function to the Lead Member for Communities, Safety and Wellbeing.

### Implementation Timetable including Future Decisions and Scrutiny

The Chair of the Scrutiny Management Board has been consulted and has agreed that these decisions be exempted from call-in, given their nature and low financial value.

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

The grants can be funded from within existing identified budgets.

#### *Risk Management*

There are no specific risks associated with this decision.

#### *Comments of Monitoring Officer*

The Lead Member is being requested to make the final decision on the award of the grant in question because the Ward Councillor has declared a personal interest that might lead to bias, and therefore the advice of the Monitoring Officer is that they should not be the final decision makers.

Key Decision:	No
Background Papers:	None
Officer to contact:	Adrian Ward Monitoring Officer (01509) 634573 <a href="mailto:adrian.ward@charnwood.gov.uk">adrian.ward@charnwood.gov.uk</a>



## **Part B**

### Background

1. Cllr Luke Smith is a Ward Councillor representing Loughborough Garendon, and wishes to support the award of a grant to the Stonebow Washlands Group towards various works. However, he has declared that he is the Chairman of the group. Therefore, the Cabinet Lead Member is being requested to act as the final decision maker in respect of the award of the grant.