



**CABINET**

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To: Councillors Barkley (Deputy Leader), Bokor, Harper-Davies, Hunt, Mercer, Morgan (Leader), Poland, Rollings, Smidowicz and Taylor (for attention)

All other members of the Council  
(for information)

You are requested to attend the meeting of the Cabinet to be held in The Preston Room, Woodgate Chambers, Woodgate, Loughborough on Thursday, 19th September 2019 at 6.00 pm for the following business.

Chief Executive

Southfields  
Loughborough

6th September 2019

**AGENDA**

1. APOLOGIES
2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS
3. LEADER'S ANNOUNCEMENTS
4. MINUTES OF PREVIOUS MEETING

4 - 10

To approve the minutes of the previous meeting.

5. QUESTIONS UNDER CABINET PROCEDURE 10.7

The deadline for questions is noon on Wednesday, 11th September 2019.

6. COMMUNAL AREA CLEANING SCHEME FOR COUNCIL ACCOMMODATION 11 - 26

A report of the Head of Landlord Services to consider the introduction of a chargeable communal cleaning service to tenants and leaseholders living in Council accommodation served by communal entrances, stairways, landings and internal bin stores.

*Key Decision*

7. CHARNWOOD GRANTS 27 - 60

A report of the Head of Neighbourhood Services to consider applications received for funding in round two of the Community Facilities and Community Development and Engagement Grants schemes for 2019/20.

*Key Decision*

8. BUSINESS RATES WRITE OFF 61 - 64

A report of the Head of Customer Experience to consider the write off of irrecoverable Business Rates debts in line with Financial Procedure Rules.

*Key Decision*

9. AMENDMENTS TO THE ANNUAL PROCUREMENT PLAN 65 - 71

A report of the Head of Finance and Property Services to consider additions to the Annual Procurement Plan 2019/20.

*Key Decision*

10. CAPITAL PLAN AMENDMENT REPORT 72 - 82

A report of the Head of Finance and Property Services to consider amendments to the 2019/20 - 2020/21 Capital Plan and its financing.

*Key Decision*

11. SHARED INTERNAL AUDIT SERVICE 83 - 87

A report of the Head of Strategic Support to consider a shared service arrangement between Charnwood Borough Council, North West Leicestershire District Council and Blaby District Council for the provision of internal audit, with North West Leicestershire being the lead authority.

*Key Decision*

12. INVESTMENT STRATEGY

88 - 112

A report of the Strategic Director of Corporate Services to consider an Investment Strategy for the remainder of financial year 2019/20 and the financial year 2020/21, for recommendation to Council.

*Key Decision*

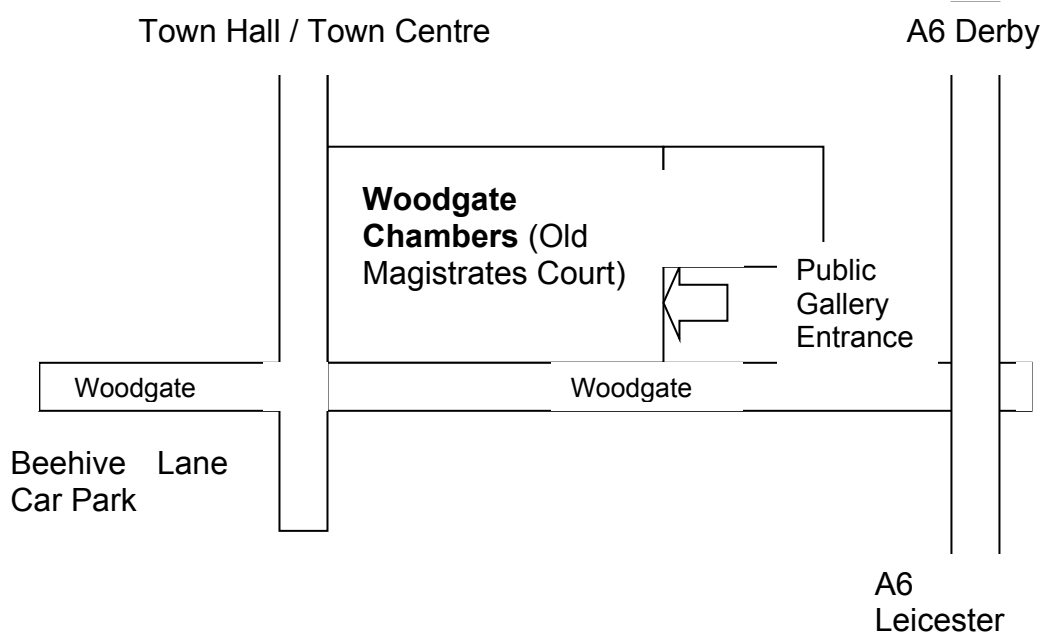
13. DRAFT MEDIUM TERM FINANCIAL STRATEGY 2020-23

113 - 153

A report of the Strategic Director of Corporate Services to consider a draft Medium Term Financial Strategy 2020-23.

**WHERE TO FIND WOODGATE CHAMBERS AND PUBLIC ACCESS**

Woodgate Chambers  
70 Woodgate  
Loughborough  
Leics  
LE11 2TZ



## CABINET 4TH JULY 2019

PRESENT: The Deputy Leader (Councillor Barkley)  
Councillors Bokor, Harper-Davies, Mercer,  
Smidowicz and Vardy

Councillor Hunt

Chief Executive  
Strategic Director of Corporate Services  
Head of Strategic Support  
Head of Regulatory Services  
Head of Cleansing and Open Spaces  
Procurement Manager  
Health, Safety and Wellbeing Manager  
(Leicestershire County Council)  
Democratic Services Officer (LS)

APOLOGIES: Councillors Morgan, Poland, Rollings and Taylor

The Deputy Leader stated that this meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

### 10. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

### 11. LEADER'S ANNOUNCEMENTS

No announcements were made.

### 12. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 6th June 2019 were confirmed as a correct record and signed.

### 13. QUESTIONS UNDER CABINET PROCEDURE 10.7

No questions had been submitted.

### 14. PUBLIC SPACES PROTECTION ORDER CHARNWOOD CONTROL OF DOGS 2020

Considered a report of the Head of Regulatory Services seeking approval of the Notice of Intention and, upon expiry of the 28-day notice period, approval of the Public Spaces Protection Order (Charnwood Borough Council) Control of Dogs 2020 under the provisions of the Anti-Social Behaviour Crime and Policing Act 2014 (item 6 on the agenda filed with these minutes).

Councillor Hunt, Chair of the Scrutiny Commission, presented a report detailing the Commission's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Head of Regulatory Services assisted with consideration of the report. He wished to make minor amendments to Appendix A of his report as follows:

First paragraph to be amended to read:

*Notice is hereby given that Charnwood Borough Council ('the Council') proposes for the purposes of reducing antisocial behaviour in relation to dog control to extend and vary a Public Spaces Protection Order under Section 60 and 61 of the Anti-Social Behaviour, Crime and Policing Act 2014 and of all other enabling powers.*

Second paragraph to be amended to read:

*The Council would like to seek your views on the proposed Notice of Intention to extend and vary an order. This Notice outlines the details of the proposed variations to the Order in red ink on page 2. Any comments and/or objections should be sent in writing or by email to the correspondence address below.*

The Head of Regulatory Services also reported verbally the comments in respect of this matter made by the Loughborough Area Committee at its meeting on 19th June 2019. Overall, the Committee had supported the proposals.

## **RESOLVED**

1. that the Notice of Intention, attached at Appendix A to the report of the Head of Regulatory Services and as amended above, be approved and issued;
2. that, if there are no objections, the draft Public Spaces Protection Order (PSPO), attached at Appendix B to the report of the Head of Regulatory Services, be approved as drafted after the expiry of the 28 days' notice period;
3. that the Head of Regulatory Services, in consultation with the Cabinet Lead Member for Regulatory Services, Enforcement and Licensing, be given delegated authority to amend and make the Order if there are only minor alterations required;
4. that the Head of Regulatory Services, in consultation with the Cabinet Lead Member for Regulatory Services, Enforcement and Licensing, be given delegated authority to make revisions and amendments to the Order in response to future requests for additional dog controls (for requests which cover no more than one ward);

5. that the Head of Regulatory Services, in consultation with the Cabinet Lead Member for Regulatory Services, Enforcement and Licensing, be given delegated authority to extend the Order if there are no major changes required to the Order at the renewal time (January 2023);
6. that the Head of Regulatory Services, in consultation with the Cabinet Lead Member for Regulatory Services, Enforcement and Licensing, be given delegated authority to authorise staff at Parish/Town Councils or other organisations, as deemed appropriate, to issue fixed penalty notices for dog control offences;
7. that the report of the Scrutiny Commission be noted.

#### Reasons

1. To inform the public about the content of the proposed PSPO and give a formal opportunity for them to raise objections and comments.
  - 2.&3. To vary the PSPO under the provisions of the Anti-Social Behaviour Crime and Policing Act 2014, to address anti-social behaviour issues relating to dog control and to ensure the law-abiding majority can use and enjoy public spaces.
  4. To enable relevant revisions to the PSPO subject to evidence of dog control issues in an area (revisions impacting on more than one Ward will require Cabinet approval).
  5. To enable renewal of the PSPO if there are no major changes required.
  6. To assist Town/Parish Councils and other suitable organisations in the ability to offer an enhanced enforcement service in addition to the provision from the Council.
  7. To acknowledge the work undertaken by and the views of the Scrutiny Commission.
15. CHANGES TO BULKY WASTE COLLECTIONS

Considered a report of the Head of Cleansing and Open Spaces to consider the introduction of charges for the collection of bulky waste from households across the Borough (item 7 on the agenda filed with these minutes).

Councillor Hunt, Chair of the Scrutiny Commission, presented a report detailing the Commission's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Head of Cleansing and Open Spaces assisted with consideration of the report.

#### **RESOLVED**

1. that a charge for all household bulky waste collections covered within the Environmental Services Contract from October 2019 is approved, to be reviewed 6 months after implementation;
2. that the charge of £20.00 per bulky collection (up to 3 items per collection) is agreed and that there will be no limit on the number of collections per household per year;
3. that alternative methods of disposing of bulky waste be promoted and advertised widely by the Council;
4. that delegated authority be given to the Head of Cleansing and Open Spaces to introduce a scheme for waiving the above charge in cases of exceptional hardship, with details of that scheme to be agreed in consultation with the Cabinet Lead Member for Performance of Major Contracts;
5. that the report of the Scrutiny Commission be noted.

#### Reasons

1. To ensure that some of the contract costs are offset by the income generated while the total number of collections remain within the contract arrangements and to enable how the charge is operating in practice to be assessed.
2. To ensure that the charge is in line with the regional and national levels.
3. To make residents aware of the alternatives.
4. To ensure that residents in such circumstances can use the service, if needed.
5. To acknowledge the work undertaken by and the views of the Scrutiny Commission.

#### 16. REVENUE OUTTURN 2018/19 AND CARRY FORWARD OF BUDGET

Considered a report of the Head of Finance and Property Services setting out the Revenue Outturn position of the General Fund and Housing Revenue Account (HRA) for 2018/19 compared with the Original budgets and requesting budget carry forwards for the General Fund and the HRA (item 8 on the agenda filed with these minutes).

The Strategic Director of Corporate Services assisted with consideration of the report.

#### **RESOLVED**

1. that the Revenue Outturn positions of the General Fund and Housing Revenue Account for 2018/19 be noted;
2. that carry forwards of budgets amounting to £39k for the General Fund and £484.7k for the HRA be approved, funded from the General Fund Working

Balance and HRA Balance in 2019/20 as detailed in paragraph 28 in Part B of the report of the Head of Finance and Property Services.

Reasons

1. To enable the information to be used when considering future budgets and the Medium Term Financial Strategy.
2. To enable the budgets to be carried forward to cover costs of committed services in 2019/20.

17. CAPITAL PLAN OUTTURN REPORT 2018/19

Considered a report of the Head of Finance and Property Services setting out total expenditure on the Capital Plan 2018/19 compared with the current budget and detailing those schemes that require carry forward of budget to 2019/20 and the provisional arrangements for the financing of the Plan (item 9 on the agenda filed with these minutes).

The Strategic Director of Corporate Services assisted with consideration of the report.

**RESOLVED**

1. that the outturn position for 2018/19 be noted and that the carry forward of project budgets totalling £1,079,800 be approved;
2. that the provisional financing of the Plan set out in Table 2 in Part B of the report of the Head of Finance and Property Services be noted.

Reasons

1. To enable projects to be completed.
2. To indicate how the Plan is likely to be financed.

18. ADDITIONS TO ANNUAL PROCUREMENT PLAN 2019/20

Considered a report of the Head of Finance and Property Services proposing additions to the Council's Annual Procurement Plan for 2019/20 (item 10 on the agenda filed with these minutes).

The Procurement Manager assisted with consideration of the report.

**RESOLVED**

1. that the contracts, over £25,000 and up to £75,000, listed in Appendix A to the report of the Head of Finance and Property Services, be let in accordance with Contract Procedure Rules;



2. that the contracts, over £75,001 and up to £500,000, listed in Appendix B to the report of the Head of Finance and Property Services, be let in accordance with Contract Procedure Rules.

Reason

- 1.&2. To allow contracts of the Council to be let in accordance with contract procedure rules.

19. ANNUAL HEALTH AND SAFETY PERFORMANCE REPORT 2018/19

Considered a report of the Head of Strategic Support informing the Cabinet and providing a public record of the Council's health and safety performance in 2018/19 (item 11 on the agenda filed with these minutes).

The Head of Strategic Support and the Health, Safety and Wellbeing Manager (Leicestershire County Council) assisted with consideration of the report.

**RESOLVED** that the Council's health and safety performance over the preceding year, as set out in Part B of the report of the Head of Strategic Support, be noted.

Reason

It is considered good practice by the Health and Safety Executive, the Institute of Directors and the Royal Society for the Prevention of Accidents for public bodies to publish an annual report on health and safety performance. The Management of Health and Safety at Work regulations 1999 require all employers to review their health and safety management system. Since 2015 the Council has employed BS OHSAS 18001: "Occupational Health & Safety Management Systems" as its base system for managing health and safety.

20. 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 would involve the likely disclosure of exempt information as defined in Paragraph 3 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.

*The Democratic Services Officer stopped the sound recording of the meeting.*

21. DISPOSAL OF CHARNWOOD CAMPUS OPTION AND SALE OF ADJOINING LAND

Considered an exempt report of the Strategic Director of Corporate Services to consider the disposal of the Council's option in land at Charnwood Campus and an adjoining piece of land (item 13 on the agenda filed with these minutes).

Councillor Hunt, Chair of the Scrutiny Commission, presented an exempt report detailing the Commission's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Scrutiny Commission was thanked for its valuable pre-decision scrutiny work, both in respect of this item and items considered earlier in the meeting.

The Strategic Director of Corporate Services assisted with consideration of the report.

## **RESOLVED**

1. that decisions be made as detailed in the exempt minute (Cabinet Minute 21E 2019/20);
2. that the exempt report of the Scrutiny Commission be noted.

## Reasons

1. As set out in the exempt minute (Cabinet Minute 21E 2019/20).
2. To acknowledge the work undertaken by and the views of the Scrutiny Commission.

## NOTES:

1. The decisions in these minutes not in the form of recommendations to Council will come into effect at noon on 12th July 2019 unless called in under Scrutiny Committee Procedure Rule 11.7.
2. No reference may be made to these minutes at the Council meeting on 2nd September 2019 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on 12th July 2019.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Cabinet.

## CABINET - 19TH SEPTEMBER 2019

### Report of the Head of Landlord Services Lead Member: Councillor Paul Mercer

#### Part A

#### ITEM 6 COMMUNAL AREA CLEANING SCHEME FOR COUNCIL ACCOMMODATION

##### Purpose of Report

To consider the introduction of a chargeable communal cleaning service to tenants and leaseholders living in Council accommodation served by communal entrances, stairways, landings and internal bin stores.

##### Recommendations

1. That the introduction of a communal area cleaning service to tenants and leaseholders living in Council accommodation served by communal entrances, stairways, landings and internal bin stores is approved.
2. That tenants and leaseholders receiving the service pay for it through a service charge levied weekly in addition to their existing gross rent.
3. That the administration of the service is not passed on to tenants and leaseholders but absorbed as part of the council's normal housing management service, met through existing housing revenue account (HRA) budgets.
4. That the frequency of cleaning be carried out according to the outcome of the consultation exercise undertaken with tenants and leaseholders, and officers' recommendations.
5. That tenants and leaseholders receiving the service will be charged according to the frequency decided.
6. That there will be a one-off clean carried out initially, the cost of which will not be charged to those receiving the service, but met through existing (HRA) budgets.

##### Reasons

1. To keep communal areas at Council accommodation clean, and to improve the quality of life for tenants and leaseholders living in Council accommodation.
2. To recover the costs incurred through the contract to deliver the service.
3. To keep the cost of the service low at the point of introduction, reducing any potential financial stress placed on tenants through additional charges.

4. To carry out cleaning at a frequency which is in accordance with the wishes of tenants where possible, balanced against the need to bring the cleanliness of communal areas up to an acceptable standard.
5. To support a charging scheme that reflects the frequency of cleaning, whilst keeping costs low for all tenants and leaseholders receiving the service.
6. To not charge tenants and leaseholders due to receive the service for work to bring the communal areas up to an acceptable standard, when there has been no cleaning undertaken, in some instances, for some a significant period of time; and to reflect the views of the Housing Management Advisory Board.

### Policy Justification and Previous Decisions

The Council's tenancy agreement states that tenants are responsible for keeping the internal shared areas and common parts adjacent to the property, such as stairs and landings, clean and tidy. Some of the communal areas are cleaned by tenants, however most are not. In some instances tenants may not have the physical ability to undertake a clean themselves.

The introduction of a communal cleaning scheme at general needs Council accommodation<sup>1</sup> will support compliance with the following regulatory standards:

- Under the Homes and Communities Agency Consumer Standard Regulations (2012) the Council has a responsibility to keep the neighbourhood and communal areas associated with the homes that it owns clean and safe.
- Under the Regulatory Reform (Fire Safety) Order 2005, the Council has to take all reasonable steps to ensure that its premises are made safe from fire.

The introduction of a communal cleaning scheme will support delivery of the following elements of the Corporate Plan:

- Corporate Plan 2016-2020 Theme *Every Resident Matters*, and specifically, corporate plan outcomes:
  - *Make Charnwood an attractive place for all, through investment in our housing stock...*
  - *Keep our residents safe through implementing a new Community Safety Plan, combatting ASB and investing in emergency planning, food safety and safeguarding*
  - *Listen to and communicate with our residents and act on their concerns.*
- Corporate Plan 2016-2020 Theme *Creating and Strong and Lasting Economy*, and specifically, the corporate plan outcome:

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<sup>1</sup> The council directly employs cleaners at its sheltered accommodation. Sheltered accommodation does not fall within the scope of this report.

- *Take action to protect the environment for future generations and ensure a clean borough for all to enjoy.*

### Implementation Timetable including Future Decisions and Scrutiny

The proposal to introduce a communal cleaning scheme at Council accommodation was considered by the Housing Management Advisory Board on 12th June 2019 (minute 37). The Board endorsed the recommendations 1 to 6 as detailed above.

Should Cabinet approve the implementation of the scheme, the next steps are expected to be as follows:

Action	Indicative Timescale
Procure contractor via a framework.	September 2019
Residents will be advised of the outcome of the consultation exercise and be told of the frequency of cleaning.  The statutory four weeks' notice to tenants of the levying of the new service charge will take place.	September 2019
Contract mobilisation.	October 2019
Communal cleaning service implementation.	November 2019

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

The £7,329 cost for a one-off clean at the start of the contract will be met from existing HRA budgets.

The annual contract cost for cleaning is £75,908 and will be recovered from tenants and leaseholders via a service charge. The contract duration is two years, with the potential for a further extension period of two years. Annual price increases will be linked to the consumer price index. The value of the contract is therefore estimated at £319,258 over the four year period.

#### *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	Overall Risk	Risk Management Actions Planned
Contractor under or non-performance performance leading to expected improvements and value for money not being delivered, increased costs, and tenants and leaseholders being dissatisfied.	3 Likely	2 Significant	Moderate (6)	An on-site monitoring regime will be implemented.  Performance indicators will be contained in the contract and monitored through contract management meetings.  Break clauses will be included in the contract.
The service charge is not paid, leading to increased arrears and costs associated with recovery.	3 Likely	2 Significant	Moderate (6)	The new service will be publicised in the tenants' magazine and in the letter sent to tenants and leaseholders to advise them of the new charge. It will be highlighted that the charge is fully eligible for housing benefit or universal credit and that help and advice is available.  Existing income recovery processes will be instigated.

*Equality and Diversity*

There is no anticipated adverse impact on any protected group. An equality impact assessment can be found at Appendix 1.

*Crime and Disorder*

The introduction of a communal cleaning scheme will support delivery of the Council's responsibilities under Section 17 of the Crime and Disorder Act (1998), and the Council's legal requirement to undertake reasonable action to improve community safety in our Borough. This will be achieved through cleaning communal areas of litter, detritus, bodily fluids, and paraphernalia associated with ASB and drug and alcohol misuse.

## *Sustainability*

Cleaning communal areas to an acceptable standard will advance the health and wellbeing of tenants, leaseholders, and their families.

Key Decision: Yes

Background Papers: None

Officers to contact: Peter Oliver  
Head of Landlord Services  
01509 634 952  
Peter.oliver@charnwood.gov.uk

Andrew Staton  
Landlord Services Manager  
01509 634 608  
Andrew.staton@charnwood.gov.uk

## Part B

### Background

1. The council currently owns 263 blocks (a number of dwellings served by a common entrance, stairway and landing) of general needs residential accommodation. 1,516 residents (Including around 200 leaseholders) live in properties that share communal entrances, stairs and landings.
2. The council does not provide a communal cleaning service at the common areas, many of which are in poor condition with a build-up of dirt and other substances / materials having accumulated over many years.
3. The Landlord Service receives regular requests from residents to clean up bodily fluids including blood, faeces and urine from shared areas, and to remove litter and drugs paraphernalia. One-off cleans are arranged on a responsive basis in respect of these problems. The poor condition of the blocks has also been highlighted by tenancy and estate management officers, elected members, and other agencies visiting the accommodation.
4. As part of its commitment to seek the views of tenants, in 2015/16 the council commissioned BMG Research to carry out a [STAR] survey to establish tenant satisfaction with different aspects of housing service.
5. In 2016 all respondents who lived in a flat were asked how satisfied or dissatisfied they were with the cleanliness of internal shared areas. Overall, 39% of general needs tenants living in a flat indicated satisfaction with the cleanliness of communal areas, and 50% indicated dissatisfaction.
6. Similar results were found in 2018 with 42% of general needs tenants indicating satisfaction with the cleanliness of internal shared areas, and 43% dissatisfaction.
7. It is proposed to clean all communal areas, including those currently cleaned by tenants / leaseholders. This will support a consistent standard across all accommodation that is not dependent on the capacity and goodwill of individual tenants / leaseholders. The process for setting service charges is set out in statute for both tenants and leaseholders, with charges calculated on an annual basis.

### Costs to provide the service, and charges to tenants and leaseholders

8. A suitable contractor has been identified via a framework, and a quotation has been received.
9. It is therefore proposed that 52 schemes (a number of blocks with the same postal address e.g. Peel Drive or Staveley Court) will receive a monthly clean, and 16 schemes a fortnightly clean. Excluding the cost of the one-off clean at the start of the contract, the total cost per annum of the service on this basis is **£75,908**.



10. For tenants, not leaseholders, the service charge is eligible for housing benefit and universal credit subject to the claimant's status.
11. A number of charging options have been considered and are set out below. *Frequency of Clean* is the recommended option.
12. **Block** - the actual quoted cost to clean each block of accommodation would be split by the number of tenants / leaseholders in the block. Under this approach some tenants would be charged £0.91p for a fortnightly clean, and others £3.63. Generally speaking the fewer the tenants in a block the higher the charge to those tenants / leaseholders and vice versa. At Moira Street in Loughborough, some tenants would pay £2.72 more than their neighbour living in a different block. A similar variance exists for monthly cleaning on this basis.
13. **Scheme** - the actual quotes cost to clean each scheme of accommodation would be split by the number of tenants / leaseholders in the scheme. Under this approach some tenants would be charged £0.91p for a fortnightly clean, and others £2.72. A similar variance exists for monthly cleaning on this basis.
14. **Frequency of Clean** - the cost of the fortnightly / monthly clean is divided by the number of tenants / leaseholders receiving the service as set out in the below table.

	Fortnightly	Monthly
Total contract price	£39,125.00	£36,783.34
No. tenants	461	855
No. leaseholders	51	149
Weekly charge – tenants [48 weeks]	£1.59	£0.76
Weekly charge – leaseholders [52 weeks]	£1.47	£0.70

15. Charging by *Frequency of Clean* keeps costs (relatively) low for the majority, linking charging with the visible delivery of the service. This approach smooths out any variances in price due to the number of people occupying the block or scheme.

### Consultation

16. As stated, the STAR surveys conducted in 2016 and 2018 indicated high levels of dissatisfaction with the cleanliness of communal areas.

17. The Housing Management Advisory Board considered the initial proposal for a communal area cleaning scheme at their meeting on 9<sup>th</sup> May 2018 (minute 37). The Board felt that the cleaning of communal areas was of prime importance to tenants and needed to be implemented immediately. They welcomed the report and the consultation. It was resolved that the proposal within the report be agreed and the consultation start as soon as possible.
18. Residents were consulted by a survey sent out to them in the post. The survey was issued in early February 2019 and the closing date was 13 March 2019. Residents were able to respond either by posting their answers or completing the survey online.
19. The survey consulted residents on a range of matters, namely:
  - residents' preferred frequency of cleaning;
  - their views on the current cleanliness of their block;
  - whether or not someone [resident] cleans their block currently;
  - their satisfaction with the arrangement that requires residents to clean their blocks;
  - giving residents the ability to make free-text comments at the end of the survey.
20. 239 responses were received, representing a response rate of around 16%. This would not be considered to be statistically reliable but nevertheless has provided a useful indication of opinion.
21. The results of the survey, along with a summary of free text comments made by tenants and leaseholders can be found at Appendix 2.
22. The results show that:
  - Nearly 49% of those responding feel that their blocks are not clean;
  - Over 60% of those answering the question currently live in a block where a resident cleans it;
  - Nearly 45% of those answering the question are dissatisfied with the current cleaning arrangement in their block;
  - These responses are broadly consistent with the STAR survey results of both the 2016 and the 2018 surveys.
23. Analysis has been undertaken on the 136 free text comments made by respondents.
24. The results are as follows:

- 26% were in favour of the proposals;
  - 42% were opposed to the proposals;
  - 32% were neither in favour nor opposed or raised other matters.
25. The majority of the positive comments made in favour of the communal cleaning were based upon the perceived current condition of the blocks. These residents welcomed the idea of having a regular cleaning service so long as the work was done to a high standard.
26. It is probable that residents taking the trouble to respond to the consultation were more likely to be those who were unhappy at being charged for something that they did already (i.e. the residents cleaned their block themselves). This is supported by the fact that of those who answered the question “Is your block cleaned currently”, over 60% answered “yes”. Council officers spoke to a number of residents on the phone, who wanted to discuss the proposals. Almost without exception they were opposed to the proposal because they already cleaned their block themselves. After explaining why the proposal was to carry out the cleaning through a contractor and why those currently doing the cleaning or benefiting from it could not opt out, most residents appeared to have understood the reasoning without necessarily changing their view.
27. In respect of the cleaning frequency, the results of the consultation were analysed on a scheme basis, thus giving residents the greatest influence over the cleaning frequency at a level that was both practicable in terms of contract delivery and charging and sufficiently local so as to give credibility and integrity to the consultation exercise.
28. As well as asking residents for their preferred frequency of cleaning, the tenancy and estate management team members were also asked for their views on the desired frequency of cleaning in order to compare their professional opinion with residents’.
29. In all schemes the majority preference was either fortnightly or monthly (be that four-weekly or calendar monthly).
30. The results of the consultation were presented to the Housing Management Advisory Board on 12th June 2019 (minute 37). Notably, it was resolved that:
- a) a recommendation be added to this report to include that the first cleaning to take place will not be charged to tenants; and
  - b) the board endorsed the recommendations that Cabinet have been asked to consider.

## Appendices

Appendix 1	Equality Impact Assessment
Appendix 2	Consultation Results

**CHARNWOOD BOROUGH COUNCIL**

**EQUALITY IMPACT ASSESSMENT**

**'KNOWING THE NEEDS OF YOUR CUSTOMERS AND EMPLOYEES'**

**Step 1      Introductory information**

<b>Title of the service</b>	Communal cleaning contract
<b>Name of lead officer and others undertaking this assessment</b>	Andrew Staton - Landlord Services Manager
<b>Date EIA started</b>	8 May 2019
<b>Date EIA completed</b>	20 August 2019

**Step 2      Overview of service/function being assessed:**

Outline: What is the purpose of this service? (Specify aims and objectives)
The proposal is to introduce a cleaning service for tenants and leaseholders living in the council's accommodation served by communal entrances, internal halls, stairways and landings. The service will be introduced following unacceptable STAR survey dissatisfaction levels (2016 and 2018) over the cleanliness of these areas. The service, when introduced, will be paid for by levying a service charge on affected residents, calculated on the total contract price but according to the frequency of cleaning (fortnightly or monthly), established through consulting residents over their preferred frequency.
What specific group/s is the service designed to affect and what is the intended change or outcome for them?
All current and future tenants of council-owned dwellings serviced by internal communal entrances, stairways and landings
Which groups have been consulted as part of the creation or review of the service?
All affected tenants and leaseholders

**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 service? 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

A range of diversity information is available from our records and held in QL (our housing management system) for all those customers receiving or potentially receiving [applicants] housing management services. This includes information on age, gender, ethnicity, sexual orientation, and disability. The range of information is limited in relation to certain characteristics (e.g. sexual orientation).

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)

This information enables support to be directed to the most vulnerable tenants, and also shape our services to meet the needs of vulnerable people across a range of diverse groups.

**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 specific groups to identify needs / issues? If not please explain why.

Staff in landlord services teams have been consulted as well as affected tenants and leaseholders.

The proposal has been endorsed in principle by Charnwood Housing Residents' Forum and the Housing Management Advisory Board.

**Step 5 Assessing the impact**

In light of any data/consultation/information and your own knowledge and awareness, please identify whether the service 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>	There will be no adverse effect from this service on this protected group
<b>Disability (Physical, visual, hearing, learning disabilities, mental health)</b>	Disabled people could be affected adversely by this service if appropriate health and safety procedures (e.g. signage) were not practised by the contractor.
<b>Gender reassignment (transgender)</b>	There will be no adverse effect from this service on this protected group
<b>Race</b>	There will be no adverse effect from this service on this

	protected group
<b>Religion or belief (Includes no belief)</b>	There will be no adverse effect from this service on this protected group
<b>Sex</b>	There will be no adverse effect from this service on this protected group
<b>Sexual orientation</b>	There will be no adverse effect from this service on this protected group
<b>Other protected groups (pregnancy &amp; maternity, marriage &amp; civil partnership)</b>	There will be no adverse effect from this service on this protected group
<b>Other socially excluded groups (carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)</b>	There will be no adverse effect from this service on this protected group

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:

- a) If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately.
- b) 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.

Any potential adverse impact on disabled people will be mitigated by the insistence on rigorous and legally-compliant safety measures and procedures being practised by the contractor when cleaning the blocks. As part of the contract implementation process, full risk assessments and method statements will be required and compliance against these will form part of the contract monitoring quality control process.

Other than above, there is no anticipated adverse impact from this new service other than a financial one that will affect every resident. The service charge will be eligible for housing benefit and universal credit in full.

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

The service will meet the Council's responsibilities in relation to quality and diversity. There is no adverse impact on protected groups that is not sufficiently mitigated against.

**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?
After twelve months' service duration we will assess the impact that the additional charge has had on arrears [to see if they increased arrears] indicate any bias towards those not able to claim benefits.
How will the recommendations of this assessment be built into wider planning and review processes? e.g. service reviews, annual plans and use of performance management systems.
No recommendations have been identified in this assessment.

**Step 7 Action plan**

Please include any identified concerns/actions/problems in this action plan:			
Reference number	Action	Responsible officer	Target date
1.	Review impact of introduction of cleaning scheme to identify any adverse impact on protected groups.	Andrew Staton – Landlord Services Manager	March 2021

**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)
<b>Employees</b>	✓	Team meetings
<b>Tenants and leaseholders</b>	✓	Publication on the council's website
<b>To ensure ease of access, what other communication needs/concerns are there?</b>		None identified.

<b>Please delete as appropriate</b>
<b>I agree with this assessment / action plan</b>
<b>If <i>disagree</i>, state action/s required, reasons and details of who is to carry them out with timescales:</b>
<b>Signed (service head):</b> 
<b>Date: 20/08/2019</b>

**Please send completed & signed assessment to Suzanne Kinder for publishing.**



### Results of Communal Cleaning Consultation

Percentage figures are based on those answering each specific question, not on the total number of responses received:

<b>Preferred Frequency of Clean</b>	<b>No. responses</b>	<b>% (approx.)</b>
Weekly	6	3.25 %
Fortnightly	23	12.5 %
Three-weekly	6	3.25 %
Four-weekly	39	21.0 %
Monthly	112	60.25 %

	<b>Opinion on existing cleanliness of block</b>		<b>Currently cleaned?</b>		<b>% Satisfaction with current arrangement</b>	
	<b>Nos</b>	<b>%</b>	<b>Nos</b>	<b>%</b>	<b>Nos</b>	<b>%</b>
<b>Very clean</b>	22	9.7%				
<b>Clean</b>	93	41.2%				
<b>Unclean</b>	65	28.8%				
<b>Very unclean</b>	45	19.9%				
<b>Don't know</b>	1	0.4%				
<b>Yes</b>			135	60.5%		
<b>No</b>			70	31.4%		
<b>Don't know</b>			18	8.1%		
<b>Very satisfied</b>					36	17.6%
<b>Satisfied</b>					46	22.6%
<b>Neither satisfied nor dissatisfied</b>					49	24.0%
<b>Dissatisfied</b>					39	19.1%
<b>Very dissatisfied</b>					32	15.7%
<b>Don't know</b>					2	1.0%

A summary of resident comments made through the consultation is below.

#### Positive comments

- that many elderly residents are not able to clean the blocks owing to health and age-related problems;
- that people may take [more] pride in the areas where they live;

- that blocks will look more welcoming;
- that a positive outlook on certain areas will be achieved.

#### Negative comments

- that the price was too high;
- that the block is already cleaned by the residents;
- that the cleaning goes against the tenancy agreement as tenants are expected to clean communal areas;
- that work will not be done to a good standard as with all council contracts;
- “it’s another council money-making scheme”;
- “why should tenants who make the effort to clean areas be asked to pay”;
- “tenants who don’t clean communal areas should be reminded of [their] tenancy agreement”;
- that they couldn’t afford to pay for the service.

#### Neutral comments

- that repairs to the block should be a priority;
- who will oversee the quality of the work[?];
- that tenants who constantly cause mess in blocks need to be told what is expected by the council;
- that blocks should be upgraded with new paint, new flooring and lighting.

## CABINET – 19TH SEPTEMBER 2019

### Report of the Head of Neighbourhood Services Lead Member: Councillor Deborah Taylor

#### Part A

#### ITEM 7 CHARNWOOD GRANTS – ROUND TWO – 2019/20 COMMUNITY FACILITIES AND COMMUNITY DEVELOPMENT AND ENGAGEMENT GRANT APPLICATIONS

##### Purpose of Report

To enable Cabinet to consider applications received for funding in round one of the Community Facilities and Community Development and Engagement Grants schemes for 2019/20.

##### Recommendations

1. That the following Community Facilities Grant be awarded:
  - £20,000 to John Storer House towards the modernisation of their toilet facilities and installation of a Changing Places facility.
  
2. That the following Community Development and Engagement Grants be awarded:
  - £600 to Miller and Peverill Residents Association Sileby towards running costs;
  - Up to £2,292 to The Bridge (East Midlands) towards a canvas bag initiative (to be funded through the Community Development and Engagement Environmental grant scheme);
  - £9,000 to Sustainable Land Trust towards a “Branching out” project (£8,000 to be funded through the Community Development and Engagement grant scheme and £1,000 to be funded through the Community Development and Engagement Environmental grant scheme);
  - £4,500 to Albert Street Artists towards rent and running costs (£2,250 to be funded through the Community Development and Engagement Grant scheme, and £2,250 to be funded through the Loughborough Community Grants scheme);
  - £3,500 to the Loughborough Wellbeing Project towards a volunteer development project (£1,750 to be funded through the Community Development and Engagement Grant scheme, and £1,750 to be funded through the Loughborough Community Grants scheme);
  - £9,000 to Loughborough Generator CIC towards “The Generator History” project (£4,500 to be funded through the Community Development and Engagement Grant scheme, and £4,500 to be funded through the Loughborough Community Grants scheme);

- £5,000 to The Baldwin Trust towards a marketing project “Sailing into new waters”;
  - Up to £7,000 to Shelthorpe Community Association towards an indoor gardening project (£5,000 to be funded through the Community Development and Engagement Environmental grant scheme, and £2,000 to be funded through the Loughborough Community Grants scheme);
3. That the following Community Facilities Grant applications be deferred:
    - Syston Band - £732 requested – applied for funding towards the cost of a Feasibility Study for the replacement of a portacabin.
  4. That the following Community Facilities Grant applications be declined:
    - Loughborough Sea Cadets - £2,000 requested – applied for funding towards the replacement of a portacabin;
    - King George’s Field Charity - £12,000 requested – applied for funding towards modifications to create a Parish/Charity office.
  5. That the Head of Neighbourhood Services be given delegated authority to finalise the terms and conditions of the awarded Community Facilities and Community Development and Engagement Grants.

### Reasons

1. To provide financial support to organisations which meet the criteria of the Community Facilities Grants scheme in terms of community and organisational need.
2. To provide financial support to organisations which meet the criteria of the Community Development and Engagement Grants and Environmental schemes in terms of community and organisational need and to use funding provided through the Loughborough Grants scheme to support projects in Loughborough.
3. To enable further work to be undertaken with the applicant to see whether the application can be improved and strengthened.
4. To decline to provide financial support to organisations which do not meet the criteria for the award of a grant under the Community Facilities Grant scheme.
5. To enable the grants awarded to be finalised and appropriate information to be supplied to the Council about the outcomes of the project.

### Policy Justification and Previous Decisions

The Council’s Corporate Plan 2016-20 makes a commitment to make sure that Charnwood is a great place to live for families by creating a safe, secure and caring environment and to provide opportunities for participation in social, leisure and cultural

activities and in community life. It aims to make Charnwood an attractive place for all by funding community groups and providing a range of diverse opportunities and events.

The Council's Corporate Plan 2016-2020 was approved by Council on the 29<sup>th</sup> February 2016. A review of the existing grants criteria was undertaken at this time and it was concluded that the existing criteria were still appropriate and aligned with the priorities of the Corporate Plan 2016-2020.

#### Implementation Timetable including Future Decisions and Scrutiny

The Community Development and Engagement Grants considered in this report will be released, providing they are approved, once the applicants have met any required payment conditions. Grant payment terms will be on a grant by grant basis, depending on the nature of the organisation/project and level of grant awarded. Payment may be made in stages, and copy invoices, or proof of project expenditure, requested.

#### Report Implications

The following implications have been identified for this report.

#### Financial Implications

##### *Community Facilities Grant Funding*

The balance remaining for the Community Facilities Grants budget after Round 1 2019/20 was £68,961. Since the last Cabinet meeting for Grants on 6<sup>th</sup> June 2019, a couple of Community Facilities Grants that had remained unclaimed have now been withdrawn, and a couple of grants paid were less than originally awarded, leaving the balance at £81,173. This Round 2 2019/20 report recommends that one application is supported, totalling £20,000, leaving a balance therefore of £61,173 for future rounds of Community Facilities Grants.

##### *Community Development & Engagement Grant Funding*

The 2019/20 budget for Community Development and Engagement Grants is £66,500. The balance after Round 1 was £53,000.

This Round 2 report recommends that eight applications are supported totalling £40,892, with £22,100 of this amount being funded through the Community Development and Engagement grants scheme, £10,500 being funded through the Loughborough Community grants scheme and £8,292 being funded through the Environmental Grants Scheme. This will leave a balance of £30,900 for Community Development and Engagement Grants.

##### *Loughborough Community Grant Funding*

Cabinet at its meeting on the 21<sup>st</sup> January 2016 (min 93) approved the recommendation that the Head of Neighbourhood Services be given delegated authority to allocate any grant budget for schemes in Loughborough that are funded through the Loughborough Special Expenses between the Loughborough Community Grants fund (maximum £2,000) and a budget within the Community Development and

Engagement Grants fund (maximum £10,000) ring-fenced for schemes based in Loughborough. This was to enable the budget for funding schemes in Loughborough to be more flexibly allocated between large and small applications.

The intention as outlined above is to allocate a total of £10,500 from the Loughborough Community Grants budget towards Loughborough based projects submitted by Albert Street Artists, Loughborough Wellbeing Café, Loughborough Generator CIC, and Shelthorpe Community Association.

*Community Development and Engagement - Environmental Grant Funding (External funding provided by Serco)*

Serco have agreed to provide £20,000 per year to Charnwood Borough Council (CBC) for grants to projects that deliver environmental outcomes. They have made a commitment to provide this funding for three financial years (2017/18, 2018/19 and 2019/20).

The ring-fenced budget for environmental projects in 2019/20 is £23,060, as the underspend of £3,060 from 2018/19 is available, as the external funding is ring fenced for this purpose. It is recommended to award a total of £8,292 for applications for projects which have been received in Round 2 for 2019/20 which have an environmental aspect, therefore the balance is now £14,768.

For all grants schemes once a grant has been awarded the recipient has 12 months in which to complete their project and draw down the grant funding. Therefore it is expected that the above grants will be drawn down over the next 12 month period, i.e. during both 2019/20 and 2020/21, dependent upon when the projects start, reach agreed milestones and are completed.

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	Overall Risk	Risk Management Actions Planned
Grants do not deliver the objectives of the Grants scheme	Remote (1)	Minor (1)	Very Low (1)	The grants have been assessed against the criteria and will be supported with appropriate monitoring information.

Equality and Diversity

There is a requirement in the grants criteria for each organisation that applies to either have their own Equal Opportunities Policy or provide a statement that the organisation will abide by the Council’s Equal Opportunities Policy.

In addition an Equality Impact Assessment has been completed and attached at Appendix 2.

## Crime and Disorder

The grants criteria specifically cover crime and disorder with projects needing to outline how the proposed project reduces the impact of crime and anti-social behaviour and promotes stronger, cohesive and balanced communities.

## Sustainability

Many of the grants criteria are concerned with sustainability.

Key Decision: Yes

Background Papers: None

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## **Part B**

### Charnwood Community Grants Criteria

1. At its meeting on 12th April 2012, Cabinet agreed the revised Community Grants Criteria to reflect the changes in the Council's Corporate Plan.

The Council's new Corporate Plan 2016-2020 was approved by Council on the 29<sup>th</sup> February 2016. A review of the existing grants criteria has been undertaken and it was concluded that the existing criteria was still appropriate and aligned with the priorities of the new Corporate Plan 2016-2020.

### Community Facilities Grants

2. The criteria include the following:
  - That the maximum amount awarded would be £20,000 (was previously £30,000) for projects that link well into the Council's Corporate Plan and can achieve wider community benefits.
  - That the scheme would support up to 50% of the cost of feasibility studies, with an upper limit of £5,000.
3. Schemes are scored using an assessment matrix which looks for:
  - Well prepared schemes, with a realistic costing of the work, and projects that are well targeted, have good local support and a strong input from volunteers.
  - Projects that link well into the Council's Corporate Plan and can achieve wider community benefits.
  - Applications from organisations with a strong local base and full accessibility to the community.
  - The need of the community for the facility and the need of the organisation for the funding.
4. The assessment matrix produces a maximum score of 100. A scheme scoring below 30 on the matrix is recommended for refusal and the Grants Panel will provide feedback to the community organisation on the reasons why it was not successful. Where a scheme scores between 30 and 40 on the first assessment the Grants Panel will work with the community organisation to see whether the bid can be improved and strengthened. Schemes scoring 40 and above are normally recommended for approval. However applicants seeking a large grant which scores only just over 40 are advised that they may only receive part of the money they have applied for.

### Community Development and Engagement Grants

5. The criteria include the following:
  - Maximum amount to be awarded is £10,000.
  - Provides funding for projects delivered by the voluntary and community sector
  - Must be available for the wider community



6. All applications are assessed against two measures of need: how the project meets the Council's aims and objectives in meeting identified community needs and the organisational need of grant funding from the Council to enable the project to succeed. Both measures seek to demonstrate the value for money to be obtained in providing grant funding. Twelve criteria are used to assess community need based on the aims and objectives set out in the Corporate Plan.
- How does your project promote stronger, cohesive and balanced communities (in particular encouraging people from different backgrounds to get along together)?
  - How does your project involve volunteers and how will volunteers be supported and developed?
  - How does your project promote and support physical health and well-being (in particular healthy eating, physical activity, sexual health and reduced substance misuse)?
  - How does your project promote and support improved mental health and emotional well-being?
  - How does your project reduce the impact of crime and/or anti-social behaviour?
  - How does your project improve the quality of life of people living in priority neighbourhoods?
  - How does your project improve the well-being of residents through acknowledging their diverse needs?
  - How does your project enable children, young people and older people to make a positive contribution to the communities in which they live?
  - How does your project enable older people to live independent lives?
  - How does your project promote access of local people to green spaces and the countryside?
  - How does your project add value to Charnwood's commitment to reduce the impact of climate change?
  - How does your project help promote local businesses to prosper and develop vibrant towns and villages, and support rural enterprise?
7. Five criteria are used to assess the need for the Council to provide grant funding. Organisations must demonstrate that their projects are prepared and managed well and will be encouraged to explore other funding sources where appropriate.
- Has a realistic total cost and timetable for the project been identified after being researched, for example through obtaining quotes or using reliable information from previous years?
  - Have efforts been made to obtain other funding to enable the project to begin and is the amount sought from the Council necessary to secure match funding or because other sources of funding are not available?
  - What balances and reserves are available and has using these to fund the activity been considered?
  - Is the proportion of the cost of the project the Council is being asked to fund justified?

- No specific geographically based conditions or targets are applied to grant awards but the geographical distribution of grants across the Borough is taken into account.

8. Applications are assessed qualitatively against these criteria and rated high, medium or low. These ratings are converted to a score on the following basis which rewards those applications which rate highly in meeting community need and provide a maximum possible score of 97.

*Table 1 – Conversion of rankings into scores*

Ranking	Community Need Score	Organisation Need Score
HIGH	6	5
MEDIUM	2	3
LOW	1	1
Maximum Score	72	25

#### Levels for funding

Score	Level of funding
Less than 30	Nil
30 – 40	Some of grant funding applied for
More than 40	Most or all of funding applied for

#### Community Facilities Grant Applications

9. Three applications for Community Facilities Grant funding have been received for this round, and a further application which was originally received as a Loughborough Community grant application, has been deemed to be more suited to the Community Facilities grant scheme. All four applications have been assessed against the grants criteria, one has been recommended for approval, one has been recommended for deferral and two were ineligible for funding.

#### **System Band – Not scored - Recommendation to defer**

10. System Band began in the early 1800's as a works concertina band. Over the years the instruments played have changed, along with the name of the band, and System Band, now a local brass band, relocated to its current venue in 2014 at 'The Hut' on System Memorial Park, and currently has 36 playing members. The aim of the band is to advance the education in music of the people in System and the surrounding area, and to encourage the training of players.
11. The organisation is applying for funding towards the cost of a feasibility study for the replacement of their existing portacabin headquarters, which is now unsuitable for use. The replacement of the cabin is an urgent objective of the band within the next 12 months. Due to the present condition of the portacabin, the band finds it difficult to retain players and invite new players, including youth musical training. It is proposed that the new facility would become a community "hub", that other community groups could also utilise. The proposed feasibility

study includes a survey and report of the condition of the existing premises, and a demolition (asbestos) survey and report.

12. The benefits of the project include:
  - Provision of modern, up-to-date facilities for all musicians
  - A music “Hub” for all bands in the area, including the youth musical training foundation course
  - Will increase the number of players, by encouraging new members and retaining existing members
  - A new facility open to all groups as a community centre / hub
  
13. Local Ward Councillors were consulted on the application and all were in favour of a new facility. One of the comments was as follows:

“I have no hesitation in giving this application my full support. The project is to replace an existing building with a Music Hub and Community building and is much needed to support the activity of the youths in the area, offer music and community activity. The existing building is not sustainable for more than 12 months. It is an exciting project which will open up another facility to the whole community.”
  
14. The application of £732 is for 100% of the total scheme costs. The grants scheme allows for up to 50% of the cost of a project to be awarded.
  
15. The Panel were unable to score the application and recommends that the application be deferred to a later round, with the applicant either re-submitting an application for funding towards a more robust Feasibility Study, or for funding towards the cost of building work which would include the demolition survey.
  
16. Whilst the Panel recognise the need for a new facility, they feel that this should have been a joint application with the Town Council, since the portacabin is owned by the Town Council. The Panel did not understand the need for a Feasibility Study to look into the condition of the existing building and the demolition survey, and would have instead expected that a Feasibility Study would include information not only relating to the cost of removal of the old building, but detail in relation to the proposed new building, along with associated costs, options on how it would be funded, how it would be used, the governance arrangements, the proposals re a community access agreement, and a business plan.

### **Loughborough Sea Cadets – Not scored - Recommendation to decline**

17. The Loughborough Sea Cadets were established in 1939, and the Charity aims to give young people an experience that will help them grow into the person they want to be in a safe and friendly environment. Through various activities and adventures, they learn teamwork, respect, loyalty, self-confidence, commitment, self-discipline, honesty and to be the best version of themselves. There are 29 Sea Cadets aged 10-18 years at present and 15 volunteers, and Cadets come from all across Charnwood.

18. The application is for funding towards the replacement of one of the group's portacabins, which is currently being used as a classroom, which has reached the end of its life.
19. The benefits of the project include:
  - Will ensure duty of care to the Cadets;
  - Will provide a warm, safe and dry environment for the Cadets and volunteers.
20. The application of £2,000 is for 15.7% of the total scheme costs of £12,750.
21. The Panel were unable to score the application due to it not being eligible for funding and recommends that the application be declined.
22. The application was originally submitted as a Loughborough Community grant application, however as the project was for a replacement building, the Panel felt that the project did not meet the criteria for a Loughborough Community grant and may be more suited to the Community Facilities grants scheme and offered to explore whether funding from this scheme would be appropriate. The applicant confirmed that the facility would not be open to wider community use, and whilst the Panel recognises the work that is delivered by the Sea Cadets, it does unfortunately mean that the application is not eligible for funding. The Panel would however welcome a further application from the organisation to the Loughborough Community grants or Community Development Engagement grants scheme for a future project or event.

### **King George's Field Charity – Not scored - Recommendation to decline**

23. King George's Field Charity was established as a Charity in 1938. The Charity's aim is to provide and maintain recreational facilities for the community and works alongside Woodhouse Parish Council.
24. The application is for funding towards the creation of a parish and charity office by modifying part of the former caretaker's house. The works will include the creation of an office and cloakroom, replacement flooring, utilities work, and the purchase of office equipment.
25. Staff are currently located in three separate locations and locating the staff in one place will make it easier for residents and businesses who contact the organisation.
26. The benefits of the project include:
  - Improvement of collaboration between staff, and between staff and cllrs;
  - Providing a focal point for community contact;
  - The existence of a public facing office will increase the ways in which the organisation and community interact;
  - Increasing efficiency of the organisation.

27. The Local Ward Councillor was consulted on the application, and his comments were as follows:
- “In my view by having this new proposed facility within the village, they will be able to deliver services by having face to face contact and communication links that will be of benefit to the local community. I agree that this project will improve efficiency, by having one location delivering the service which, in my view, will be a major benefit for residents of all ages when accessing the services provided locally. There may also be an opportunity for Charnwood Borough Council to provide information about recreational activities that they provide from time to time in the local area.”
28. The application of £12,000 is for 50% of the total scheme costs of £24,000.
29. The Panel were unable to score the application due to it not being eligible for funding and recommends that the application be declined.
30. Whilst the Panel noted the benefits that the project would bring to the organisation, as the application is for building works for the creation of a Parish/staff Office and would not create a useable community facility, it means that the application does not meet the criteria of the scheme.

**John Storer Charnwood - Score 58.6 - Recommendation to award up to £20,000**

31. John Storer Charnwood is an independent Charity and has been serving the communities of Charnwood for over 50 years, providing high quality services for some of the most vulnerable people of Loughborough and surrounding areas from John Storer House, which is a multi-faceted community centre. John Storer Charnwood is a not for profit organisation and all income from sold services is reinvested back into the services offered.

The organisation provides the following:

- Volunteering opportunities for approx. 176 people;
- Wellbeing, leisure and social activities both on and off-site for approx. 63 adults with learning disabilities and for older people;
- A role within the wider Voluntary and Community Sector in Charnwood, disseminating information and advice through their VCS Forum and through regular networking, also promoting volunteering for organisations throughout Charnwood and sourcing and hosting training for VCS groups;
- A café which is open 5.5 days a week providing fresh, high-quality home-cooked food at a reasonable price. The café is a valuable social space where people come to meet and chat and make friends;
- Works in partnership with Loughborough Town of Sanctuary who welcome up to 200 people who are required to report at the Home Office Immigration Reporting Centre in Loughborough each day. They offer information and vouchers for food and drink in John Storer House;
- Room hire – there are a number of rooms of differing sizes available to hire to local businesses, community groups and statutory organisations;

- Transport services for adults with learning disabilities and older people. This can be through their wheelchair accessible minibuses or from their volunteer drivers.

32. The application is for funding towards substantial improvement to the toilet facilities in John Storer House. The existing toilets are not fit for purpose, they are old, run down and not DDA compliant. They have secured a 'Changing Places' grant from Leicestershire County Council for £29,784 towards a fully accessible disabled toilet with shower, hoist, changing bench, DDA toilet and washhand basin and all ancillary equipment and installation, however the grant cannot to be used for any building, plumbing, electrical or decorative purposes. The organisation is therefore looking for additional funding to match this secured grant. At the same time they would like to make changes to the existing toilet facilities to bring them up to a better standard. The improvements will benefit approx. 1000 members of the public per week, 132 volunteers and 24 members of staff.

The project includes the following:

- Preparation for 'Changing Places' fully Accessible Toilet installation, with hoist and changing table;
- The decommissioning of the existing Ladies Toilet and conversion to Wheelchair Store;
- Convert existing Gents Toilet to single-use gender neutral toilet;
- Existing Accessible Toilet – upgrade single use accessible gender neutral toilet;
- Decommission Existing Mens Toilet convert to Store Room;
- Convert existing Ladies Toilet to single-use Gender Neutral toilet;
- Existing Accessible Toilet – upgrade single-use accessible gender neutral toilet.

33. The benefits of the project include:

- Beneficial to developing the business, café, room hire, and rental with the potential for reinvesting in their charitable purpose;
- Will encourage future charitable enterprise;
- Will ensure a high standard of customer experience;
- Will significantly increase DDA access to existing toilets
- Will be accessible to all.

34. The application of £20,000 is for 30.8% of the total scheme costs of £64,964.

35. The Panel scored this scheme at 58.6 and recommends that a grant of up to £20,000 be awarded, subject to the applicant providing further detailed quotes.

36. The application scored very highly against the criteria of the scheme, and the Panel were particularly supportive of the Changing Places facility which is much needed in the town centre.

## Community Development & Engagement Grant Applications

37. Eight applications were received for funding in Round 2 for 2019/20. Eight applications have been assessed against the criteria, and eight have been recommended for approval.

### **Miller and Peverill Residents Association – Score 30 - Recommendation to award up to £600**

38. Miller and Peverill Residents Association was established in May 2018 to work on behalf of residents who live on the newly developed Miller and Peverill housing estate in Sileby. The Residents Association is engaged with issues specific to living on the housing estate as well as the maintenance of nearby parkland used by the wider village. The Residents Association meets on a bi-monthly basis to discuss how to impact on the maintenance of the local parkland and has engaged with local contractors working on behalf of the land owner to improve soil quality, park design and planting of additional flower beds.
39. The organisation is applying for funding towards general running costs, including a new laptop, printer and ink for group administration, Facebook page maintenance, promotion of events/printing costs, plants and flowers, and meeting room hire.
40. The benefits of the project include:
- Ensuring that residents have access to well maintained parkland for recreational activities;
  - Regular meetings and events ensure community cohesion, and prevent residents from feeling isolated;
  - Work with Neighbourhood Watch and the PCSO reduces potential for crime;
  - Increases awareness of the environment, through encouraging families to get involved with planting/gardening.
41. The Local Ward Councillors were consulted on the application, with both Councillors supportive of the application. One comment received was as follows:
- “I fully support this application. The residents have been blighted with problems of ASB and acts of vandalism and I truly believe that Residents Associations create a better environment for people to interact with other residents.”
42. The application identifies strong links with the following aims and objectives set out in the Council’s Corporate Plan:
- Promotes stronger, cohesive and balanced communities;
  - Promotes access of local people to green spaces and the countryside.
43. The application of £2,000 is for 100% of the total scheme costs.

44. The Panel scored this scheme at 30 and recommends that a grant of up to £600 be awarded towards the running costs, plants and flowers, meeting room hire, promotion and printer ink only.
45. The Panel are supportive of this new residents' group, and wish to assist with funding towards the general running costs, however are not able to contribute towards the cost of a laptop and printer. The Panel would encourage the group to measure the level of community engagement, and report numbers attending the meetings in their End of Project monitoring report, along with activities delivered.

**The Bridge (East Midlands) - Score 39.6 - Recommendation to award up to £2,292**

46. The Bridge (East Midlands) is dedicated to helping those who are homeless or in housing crisis, believing that everybody has the right to safe and secure homes. They worked with 4,986 referrals in the 2018/19 period, and 94% of their clients said their interventions successfully prevented or relieved their homelessness. They provided holistic support to local people who needed it most. This included providing food parcels and Charnwood Welfare Provision, Advice Services, Young People's Services to help prevent youth homelessness, Support Services, and more.
47. The Bridge recognises that struggles do not end with just a roof and a bed, and believe that everybody, no matter what their circumstances, has a right to food and hygiene products. In 2018/19, they provided 737 food parcels to local people. Whilst their vital food parcels are packed with meals and hygiene items, including tinned goods, ambient food, shower products, toilet rolls and more, they are currently provided in plastic shopping bags. These are not only expensive, at 5p per bag, but their disposability and stretch also poses a health and safety risk when carrying heavy items such as tins and cans. These vulnerable clients, who cannot afford basic items such as backpacks or carriers, will also rely on these bags to be re-usable long-term. In a world quickly becoming irrevocably damaged by non-recyclable waste, they want to carry on helping families and individuals through their toughest financial times without the use of pollutive plastic bags. At a time when climate change is reaching a critical point and oceanic wildlife is threatened by discarded plastic, they believe there is no better time to change their system to become a more environmentally-friendly and sustainable organisation.
48. The organisation is applying for funding towards the cost of 1,000 re-usable canvas shopping bags for the first year of this initiative (allowing for a possible increase in numbers). Whilst it is recognised that the cost of providing food parcels in canvas bags is substantially more costly than 5p plastic bags, the durability and long-term re-usable benefit to clients as well as the undeniable environmental benefit, ensures cost-effectiveness. The organisation will limit expenditure by asking clients to return with their bags. By logging clients who take canvas bag food parcels on their system, they will ask them to return with their canvas bag when requesting future food parcels, consolidating a cycle of re-usability, and whilst they will not turn away clients who have lost or broken their bags, clients will be clearly informed that, for future food parcels, they should return with their canvas bag.



49. The benefits of the project include:
- Reducing their contribution to the level of plastics in landfill;
  - Providing food parcels in sturdy, strong canvas bags will eliminate health and safety risks, provide clients with re-usable and handy carrier bags of higher quality and continue the provision of an essential Food Bank service, all whilst helping the environment;
  - Reusability of higher quality goods for vulnerable people who cannot afford to buy their own.
50. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:
- Promotes stronger, cohesive and balanced communities;
  - Improves the quality of life of people living in priority neighbourhoods;
  - Adds value to Charnwood's commitment to reduce the impact of climate change.
51. The application of £2,292 is for 100% of the total scheme costs.
52. The Panel scored this scheme at 39.2 and recommends that a grant of up to £2,292 be awarded through the Community Development and Engagement Environment grant scheme, subject to the organisation clarifying their VAT position.
53. The Panel feel that this is a strong application that meets the re-use/re-cycle criteria of the Community Development and Engagement Environment grant scheme, and is addressing the current environmental issue of reducing the use of plastic.

**Sustainable Land Trust – Score 43.8 - Recommendation to award up to £9,000 (£8,000 to be funded through the Community Development and Engagement Grant scheme, and £1,000 to be funded through the Community Development and Engagement Environment grant scheme)**

54. The Sustainable Land Trust was set up in 2014 to bring people closer to their natural environment and to demonstrate the services and benefits that nature provides to support society. The organisation uses skills with experienced educators, sustainability experts, and community development professionals to identify innovative and exciting ways to improve biodiversity and sustainably get the most social and economic benefits from nature. They work mainly across rural landscapes to improve the lives of disadvantaged and vulnerable people and communities.

They work in several ways to bring people and nature together:

- Green gym activities that involves practical hands on work to improve general health and fitness (forestry, conservation, rural crafts, construction, horticulture);

- Education, research, and training to improve knowledge, skills, cognitive development and progression, and to build the capacity of others to make improvements in their own communities or landscapes;
- Personal support to enable people to achieve their goals and build confidence;
- Nature based interventions to improve mental health through small group and one to one support;
- Improvements in quality of life through improvements in spaces and communities (e.g. community development, neighbourhood planning);
- Skills training to improve social and economic outcomes;
- Bringing communities together through nature based activities and projects to help address specific environmental issues and promote the value that nature provides to society (e.g climate change, biodiversity loss/fragmentation, value of ecosystem services);
- Linking people to their cultural roots through heritage crafts, stories and activities;
- Improving nutrition through involvement in growing, foraging and cooking;
- Innovation and demonstration to showcase good sustainable land practice.

55. This application is for funding towards a project that has been developed as a result of their involvement with the Charnwood Landscape Partnership and Charnwood Borough Council, recognising the need for communities to engage positively with Charnwood Forest in order to reap the benefits of nature, and ensure a sustainable future for the management of its key sites through greater community involvement. The Partnership are in the process of submitting a funding application to the Heritage Lottery Fund to develop a five year programme of activities that will protect and improve the natural heritage of Charnwood Forest and promote community involvement. In the meantime, they have been given the opportunity by Charnwood Borough Council to use the Outwoods to deliver training, work experience, and health and wellbeing activities for the benefit of the community and the most vulnerable members of the Charnwood area. Their aim is to promote community cohesion and provide skills to allow vulnerable adults and young people, community representatives, and volunteers to learn new skills to monitor and manage the natural environment and benefit from the services that ecosystems provide to health and wellbeing. Their focus is to benefit several priority neighbourhoods by providing skills and activities that can be used within their own communities to address social and environmental problems.

The project will delivered over 45 weeks for half a day per week (to include school holidays) and will provide transport to and from the Outwoods picking up in Syston, Thurmaston, and Mountsorrel. The project will design and deliver a programme that includes following activities:

- Biodiversity identification and monitoring throughout the period;
- Practical conservation work designed to address issues with obesity and lack of physical activity;

- Activities specifically targeted at improving mental health – nature based crafts and arts;
- Foraging and identification of plants that have health benefits – to improve awareness of how nature provides nutrition and medicinal benefits to society;
- Green therapy to improve outcomes for vulnerable adults and young people;
- Training and activities specifically relating to promoting knowledge and skills relating to understanding and monitoring climate change.

56. The benefits of the project include:

- Creation of a group of vulnerable adults and young people who benefit regularly through the engagement with the natural environment;
- Improvements in mental and physical health and wellbeing of people engaged with activities;
- Increased skills in climate change and biodiversity monitoring that will benefit the priority neighbourhoods;
- Increased levels of volunteering;
- Promotion of intergeneration working, helping to reduce loneliness and create stronger social bonds between younger and older people.

57. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:

- Promotes stronger, cohesive and balanced communities;
- Promotes and supports improved mental health and emotional well-being;
- Promotes access of local people to green spaces and the countryside;
- Adds value to Charnwood's commitment to reduce the impact of climate change.

58. The application of £9,764 is for 88.6% of the total scheme costs of £11,024.

59. The Panel scored this scheme at 43.8 and recommends that a grant of up to £9,000 be awarded. (£8,000 to be funded through the Community Development and Engagement Grant scheme, and £1,000 to be funded through the Community Development and Engagement Environment grant scheme).

The grant funding is subject to the following:

- Further clarification/breakdown of the costs;
- Further information as to how the sessions would work, where people would be referred from, how many individuals would benefit, whether participants will be charged a small fee, and how the project will be sustained;
- A meeting between Charnwood Borough Council Officers from various departments and the applicant, so that all parties are aware of the project and are able to work together to ensure there is no duplication.

60. The Panel feel that this is a strong project which makes use of the Outwoods and has good projected outcomes. It is positive that people from Thurmaston,

System and Mountsorrel will be encouraged to visit the Outwoods, which is an area they may not have had the opportunity to visit before.

**Albert Street Artists – Score 34.6 - Recommendation to award up to £4,500 (£2,250 to be funded through Community Development and Engagement grants, and £2,250 through the Loughborough Community grants scheme)**

61. Albert Street Artists is a self-help, arts therapy group for adult individuals who all have personal experience of long-term mental health issues. The group rent a studio located in the town centre which is easily accessible for members. The organisation attracts people aged between 20-70 years, encouraging the management of their mental health through creativity and peer support. All members have a diagnosed mental health condition and are referred by professionals working within statutory health services. The organisation provides the following for members:

- Emotional and personal support;
- A structured and creative environment for members at the studio four times a week;
- Longer opening hours on Thursdays for members to learn new skills such as pottery and print making;
- Day and residential trips at least twice a year for members;
- A calendar showcasing the artwork of members annually;
- Exhibitions at the studio which are open to the wider public twice a year;
- Wider acknowledgement of the group via leaflets and letters.

62. The organisation is applying for funding towards running costs, including studio rent, overheads/utilities, printing/publicity, materials, workshop events, exhibitions and day trips, to ensure financial security in order to continue the organisation's overall aim to improve the quality of life of individuals suffering from poor mental health and thus minimising the need for national health and social care interventions. Although the group benefits from paying a 'pepper corn' rate of rent, there are limited opportunities to generate alternative income. Because members have personal budgets they are not charged membership fees, but can contribute on a voluntary basis.

63. The benefits of the project include:

- Improving members' ability to cope with poor mental health;
- Increasing members' confidence and ability to cope with daily activities;
- Reducing isolation and helping members form new friendships;
- Reducing the risk of harmful behaviours (alcoholism, other addictions, irregular sleep, loss of routine etc.);
- Increasing opportunities for members to visit new places/meet new people;
- Increasing members' personal and creative skills and knowledge.

64. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:

- Promotes and supports improved mental health and emotional well-being;
  - Improves the well-being of residents through acknowledging their diverse needs.
65. The application of £9,590 is for 88% of the total costs of £10,880.
66. The Panel scored this scheme at 34.6 and recommends that a grant of up to £4,500 be awarded, (£2,250 to be funded through Community Development and Engagement grants, and £2,250 through the Loughborough Community grants scheme).
67. The Panel feel that this is an invaluable group, and although member numbers are fairly small, the group is a lifeline for members, who otherwise may not be able to function in day to day life. Over the last couple of years the group has applied for and been successful in sourcing funding through a variety of sources. In awarding a grant, Charnwood Officers will also provide the ongoing support and mentoring needed. The Council's Voluntary and Community Sector (VCS) Development Officer will be able to assist the group in applying for other funding, and there may also be an opportunity for the group to work with other local organisations, which the VCS Development Officer will also look into.

**Loughborough Wellbeing Centre CIC Ltd – Score 32.2 - Recommendation to award up to £3,500 (£1,750 to be funded through the Community Development and Engagement grant scheme, and £1,750 to be funded through the Loughborough Community grants scheme)**

68. The Loughborough Wellbeing Centre was established in 2014, and operates wellbeing cafés, a gift shop and wellbeing hub. Their aim is to provide support to adults (18 and over) who are recovering from mental health problems in the Charnwood area and to:
- Provide a safe and welcoming place;
  - Increase their self-confidence;
  - Increase their self-care skills;
  - Improve their awareness and encourage access to appropriate support services (signposting);
  - Encourage their participation and involvement at the sessions;
  - Promote and encourage volunteering opportunities;
  - Establish a peer to peer support network;
  - Reduce social isolation;
  - Promote wellbeing and recovery to improve their mental health;
  - Improve self-resilience to cope with day to day issues.
69. The application is for funding towards a volunteer development project at their Wellbeing Hub. Support is needed to co-ordinate and develop their volunteers, many of whom are Wellbeing Café members and require additional support due to their enduring mental health condition. Volunteers support the project at the

Wellbeing Cafes as well as the Wellbeing Hub where a range of activities take place, including the running of the Wellbeing Cafes, volunteering in the Fundraising Café and gift shop. Their role is vital to the delivery of the project and therefore it is vital that the organisation is able to support them to ensure continuity and stability of the Wellbeing Café project.

70. The benefits of the project include:
- Opportunity for volunteers to be supported and developed;
  - Improvement in mental health and well-being for volunteers and people attending the cafés;
  - Increase in awareness of physical and mental wellbeing;
  - Volunteers who are ex-offenders less likely to re-offend.
71. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:
- Involves, supports and develops volunteers effectively;
  - Promotes and supports physical health and well-being;
  - Promotes and supports improved mental health and emotional well-being.
72. The application of £10,000 is for 98% of the total scheme costs of £10,144.
73. The Panel scored this scheme at 32.2 and recommends that a grant of up to £3,500 be awarded. (£1,750 to be funded through the Community Development and Engagement grant scheme, and £1,750 to be funded through the Loughborough Community grants scheme). The grant award is subject to the organisation submitting a copy of their Safeguarding Policy, and working with our Voluntary and Community Sector Development Officer to strengthen their business model in order to support other applications.
74. Whilst the Panel are supportive of the organisation and the work that they do, the assessment score on this particular application is not high enough to award the full grant requested. It is recognised that the organisation has ambitious plans for the future and currently has a positive impact on service users, however the application submitted did not fully explain the outcomes of this project, and therefore the Panel feel unable to award the full amount.

**Loughborough Generator CIC – Score 38.6 - Recommendation to award up to £9,000 (£4,500 to be funded through the Community Development and Engagement grant scheme, and £4,500 to be funded through the Loughborough Community grant scheme)**

75. Loughborough Generator CIC was established to secure funding for, and manage the conversion of the former College of Art Building at 12 Frederick Street, Loughborough, into a business hub for small creative businesses and a community building for the delivery of a programme of arts, culture and heritage activities for the local community. The CIC's Vision is: "The disused historic

building will be given new life and purpose as The Generator, a place of enterprise, inspiration and connection. It will be a focal point for creative activity, an attractive place to visit, well-connected with its community, a hub for creative business, training, advice, high quality arts events and business support”.

76. Whilst the focus of the CIC has been on raising funds to refurbish and convert the Generator building, the organisation is now applying for funding towards a self-contained project to research, record, conserve, display and share the unique and wonderful story of the birth of Loughborough Technical College, its role in training and developing generations of Loughborough’s industrial workforce and how it developed to become the foundation of Loughborough’s world-class University. The intention is to engage with the Loughborough and wider Charnwood community to involve people in their local story about how education, training, technology and industry became intertwined. If the CIC is successful in raising the funds needed to convert the Generator building, then it will provide the main venue for telling this story. If not, then it will be told in the several other buildings in the town centre such as the Charnwood Museum, the Town Hall, Fearon Hall, John Storer House, the Library and other community centres in Loughborough and around Charnwood.
77. Located at 12 Frederick Street, Loughborough, the Generator played a key role in the story and is one of the last remaining early 20th Century buildings which housed the original Loughborough Technical College, a building that embodies the town's history as one of the four key UK industrial training centres from WW1 onwards. Former College buildings on Greenclose Lane are now used for student accommodation, a nursery and a church centre while the site of the former main College buildings is now the home of a Sainsbury’s store. This project will preserve the strong historical link between the University and the town. The rich history of the town’s intertwined relationship with industries, education and local people will be told, interpreted and celebrated. This is a unique opportunity to preserve and celebrate a key part of the town's heritage. They have been successful in being selected by the Heritage Lottery Fund for a potential award subject to getting match funding. Their funding for the development phase is split into two parts – the first is £10,000 towards the costs of researching the history and heritage of the Generator and its links with local industry and education, employing heritage staff and curating and creating the stories, documents and artefacts associated with it (a total of £42,000). This application is therefore for £10,000 from the Community Development and Engagement grant scheme to match the HLF funds with the balance of £22,000 coming from other partners. The project will research and interpret the building's history and make it available to local people for the benefit of heritage learning, the acquisition of arts, cultural and heritage skills.
78. The project will engage people to:
- Research and preserve memories - to capture the stories of those involved in the history of 12 Frederick Street, its training and industrial past, the development of an art college and the initial stages of Loughborough University. A part-time heritage lead worker will support local volunteers in conducting this research as well as working with other local history groups. Memories will be recorded electronically and through written submissions;

- Conserve documents – The Generator, Heritage and History Network and People Making Places websites will digitise, preserve and cross-promote heritage that might otherwise be lost. A website will be created to tell the full story of the project.
- Record success – They will research stories of the achievements of staff and students who passed through 12 Frederick Street and the contribution they made to local and national life.

79. All this, along with visual material will provide valuable resources for public exhibitions during and after the Development and Delivery phases of the project. They will form the assets used to create paper and on-line publications and to design internal interpretation panels and screen-based interactive works. An archive will be built through a range of sources including working with the Loughborough University archivist. In this phase they will also work with local charities and community groups to develop intergenerational programmes and approaches specifically aimed at young people. They will co-manage and develop the project aligning it to People Making Places and working with them through the new Loughborough Heritage Group that has emerged through recent co-working between arts and heritage initiatives in the town (WW1, Luddites and Suffrage projects as well as working together with heritage sites).

The Development Phase will be under the direct control of the CIC Board members. Charnwood Arts will support this project and provide marketing, design and management and development support. They will also manage the volunteer programme. Freelance work will be offered as part of the delivery package.

80. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:

- Promotes stronger, cohesive and balanced communities;
- Enables children, young people and older people to make a positive contribution to the communities in which they live.

81. The application of £10,000 is for 23.8% of the total scheme costs of £42,000.

82. The Panel scored this scheme at 38.6 and recommends that a grant of up to £9,000 be awarded. (£4,500 to be funded through the Community Development and Engagement grant scheme, and £4,500 to be funded through the Loughborough Community grant scheme).

83. The Panel feel that the application is clear and that the project is positive, though they also feel that some of the costs are high and could be revisited.

#### **The Baldwin Trust – Score 38.5 - Recommendation to award up to £5,000**

84. The Baldwin Trust was established in 1983 to enhance the well being of people of all ages, especially those living with physical disabilities, mental illness, social exclusion or isolation. The Trust helps users and carers to maintain a healthy



lifestyle and discover new experiences and opportunities for learning and development. The Trust is active and growing. It operates narrow boat trips on the river Soar, based from Pillings Lock in Barrow, offering cruises for community groups (private, residential or care home groups) with members who have disabilities or other special needs. The Trust currently operates two narrow boats.

85. The application is for funding towards a marketing and volunteer project. This project will guarantee the long term sustainability of the Trust and will ensure the continuation of the valuable work that is done in the community. They intend to operate 4 boats and utilise 100 volunteers within 3 years, carrying 4,000 disadvantaged persons along the rivers and waterways of Leicestershire. They plan to create and implement a marketing campaign to promote the Trust and forge increased partnerships with local organisations. The marketing campaign will provide social media activities, press promotion and new literature and branding for the Trust to reach their stated goals.
86. The benefits of the project include:
- Will allow the Trust to access those in need and reach their stated goal of providing their service to a greater number of disadvantaged persons;
  - Forging new links with many new contacts will give more balance to their understanding of the community and the daily problems/difficulties encountered by many;
  - An increase in the number of partnerships achieved with other voluntary and community groups in the area;
  - 30-50 new volunteers will be involved. The project involves volunteers in reassessing their position and “role in life” when set against the hardships and difficulties endured by others;
  - To increase the number of users for their services and to reach more disabled and isolated individuals in the community;
  - Their aim is for 2,000 additional people to have the opportunity to enjoy relaxing times in the countryside away from the hustle and bustle of everyday life;
  - The project will promote awareness of mental health and environmental well being.
87. The application identifies strong links with the following aims and objectives set out in the Council’s Corporate Plan:
- Promotes stronger, cohesive and balanced communities;
  - Promotes and supports physical health and well-being;
  - Promotes and supports improved mental health and emotional well-being;
  - Promotes access of local people to green spaces and the countryside.
88. The application of £10,000 is for 60.6% of the total scheme costs of £16,500.
89. The Panel scored this scheme at 38.5 and recommends that a grant of up to £5,000 be awarded, subject to the organisation confirming how many people from Charnwood will be using their service, and how they will be targeting Charnwood residents.

90. The Panel are supportive of this group and the work that they do, however they note that the application mentions that some service-users come from outside of Charnwood, and the Panel are keen to ensure that there is a large percentage of volunteers and service-users that are from Charnwood. The amount awarded is reflective of the fact that the project will also have a focus wider than Charnwood.

**Shelthorpe Community Association – Score 49.2 - Recommendation to award up to £7,000 (£5,000 through the Community Development and Engagement Environmental grant scheme and £2,000 through the Loughborough Community grants scheme)**

91. Shelthorpe Community Association was established in 2014 and has the following aims:

- To provide a dual-function platform for residents of Shelthorpe to air concerns as well as opportunities for service providers to disseminate information;
- To campaign to improve local housing conditions, services to the community and the environment;
- To encourage a sense of community;
- To promote social, welfare, recreational and training activities for all residents within the area;
- To build a partnership and improve communications between service providers and the group/residents/Association;
- To be a non-political, equal opportunities Association.

92. The application is for funding towards an “Indoor Gardeners Project” that will use new and innovative ways of gardening using re-purposed green bin waste, in particular non-recycleable plastics, to grow food crops and create other items for use at Shelthorpe Community Garden. The Association has identified a need for the project, because although the idea of gardening can be attractive to people, the thought of going to a community garden can be over whelming for some. This project will work with individuals and increase their confidence in growing plants/vegetables in an indoor setting, giving people the opportunity to access the community garden periodically to plant out seedlings grown. They will be looking at their green bin waste, re-purposing and re-using it for food growing and encouraging families to do the same via fun and interactive workshops. They will be looking at ways in which they can incorporate plastic bottles/tubs in seed growing, encouraging people to re-use and re-purpose plastics, at the same time saving money on gardening supplies and in the long run saving money on food bills.

The project aims to:

- Educate people about green bin waste and what cannot be recycled;
- Create a learning environment where people can learn new skills and share existing knowledge;
- Work alongside existing organisations to promote recycling and food growing;

- Encourage people to grow their own food and eat healthily;
- Encourage people to use recycling skills within the garden – ie composting and using recycleables to create a pleasing environment within the garden;
- Grow food in recycled containers.

93. The benefits of the project include:

- Improving awareness of re-using and recycling, and environmental issues in general;
- Allows those who may not ordinarily be able to do gardening to participate and learn new skills in a comfortable setting, i.e seated at a table and a comfortable temperature;
- Will promote community cohesion, and reduce isolation;
- Will help to increase people's confidence and self-esteem, and therefore improve mental wellbeing.

94. The application identifies strong links with the following aims and objectives set out in the Council's Corporate Plan:

- Promotes stronger, cohesive and balanced communities;
- Involves, supports and develops volunteers effectively;
- Improves the quality of life of people living in priority neighbourhoods;
- Adds value to Charnwood's commitment to reduce the impact of climate change.

95. The application of £10,000 is for 94.3% of the total scheme costs of £10,598.

96. The Panel scored this scheme at 49.2 and recommends that a grant of up to £7,000 be awarded. (£5,000 through the Community Development and Engagement Environmental grant scheme and £2,000 through the Loughborough Community grants scheme). There were elements of the scheme that the Panel were not supportive of including the social media costs, boat trip or computer software, and the award is subject to the organisation providing bank statements and a Constitution, and working with our Voluntary and Community Sector Development Officer to clarify costs and work on the project timescales.

97. The application scored highly against the criteria of the scheme, and the Panel feel that this is a strong project that will link in well to their existing garden project.

## Appendices

Appendix 1 – Community Facilities Grants Summary

Appendix 2 - Community Development and Engagement Grants Summary

Appendix 3 – Equality Impact Assessment

Opening Budget 2019/20 - £72,961

## Round 2 2019/20 - Community Facilities Grants Summary

Balance remaining after Round 1: £68,961  
 Grants unclaimed / withdrawn : £12,212  
 Amended balance after Round 1 : £81,173  
 Balance remaining after this round : £61,173

Applicant	Project description	Amount applied for (£)	Total project cost (£)	Total score	Recommendation
Grant ref 1236 John Storer House	Modernisation of Toilet Facilities	20,000	64,964	58.6	Approve up to £20,000
Grant ref 1233 Syston Band	Feasibility Study for replacement portacabin	732	732	Not Scored	Deferred
Grant ref 1232 Loughborough Sea Cadets	Replacement portacabin	2,000	12,750	Not Scored	Declined
Grant ref 1235 King George's Field Charity	Creation of Parish/Charity Office	12,000	24,000	Not Scored	Declined

**APPENDIX 2**

**Opening Budget 2019/20 - £66,500**

**Round 2 2019/20 - Community Development and Engagement Grants Summary**

**Balance remaining after Round 1: £53,000**

**Balance remaining after this round: £30,900**

<b>Applicant</b>	<b>Project description</b>	<b>Amount applied for (£)</b>	<b>Total project cost (£)</b>	<b>Community need score</b>	<b>Organisation need score</b>	<b>Total score</b>	<b>Recommendation</b>
Grant ref 1237 Miller and Peverill Residents Assoc	Running costs	2,000	2,000	21.4	8.6	30.0	Award up to £600
Grant ref 1238 The Bridge (East Midlands)	Canvas Bag Initiative	2,292	2,292	23.4	16.2	39.6	Award up to £2,292 (from Environmental Grant Scheme)
Grant ref 1239 Sustainable Land Trust	"Branching Out" Project	9,764	11,024	30.25	13.5	43.8	Award up to £9,000 (£1000 from Environmental Grant Scheme)
Grant ref 1240	Running Costs	9,590	10,880	22.0	12.6	34.6	Award up to £4,500 (£2250)

Albert Street Artists							from Loughborough Community Grants)
Grant ref 1241 Loughborough Wellbeing Café	Volunteer Development Project	10,000	10,144	20.4	11.8	32.2	Award up to £3,500 (£1,750 from Loughborough Community Grants)
Grant ref 1242 Loughborough Generator CIC	The Generator History Project	10,000	42,000	22.4	16.2	38.6	Award up to £9000 (£4,500 from Loughborough Community Grants)
Grant ref 1243 The Baldwin Trust	"Sailing into New Waters" Project	10,000	16,500	24.5	14.0	38.5	Award up to £5000
Grant ref 1244 Shelthorpe Community Association	Indoor Gardening Project	10,000	10,598	37.4	11.8	49.2	Award up to £7000 (£5000 from the Environmental Grant and £2000 from Loughborough Community Grants)

## 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

#### ■ Step 1 – Introductory information

Title of the policy	Community Development & Engagement Grant and Community Facilities Grant.
Name of lead officer and others undertaking this assessment	Julie Robinson
Date EIA started	May 2019
Date EIA completed	May 2018

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

Outline: What is the purpose of this policy? (Specify aims and objectives)
<p>Charnwood Borough Council recognises the value and contribution of individuals, voluntary sector organisations and other community-led projects and the benefits they provide to the residents of Charnwood.</p> <p>Through our Charnwood grant schemes we provide a range of grants to help these organisations, groups and individuals access the funding support they need.</p> <p>Three / Four times a year Cabinet considers applications for revenue funding for the Community Facilities Capital Grants and Community Development and Engagement Grants Schemes.</p> <p>It is the Councils aim to ensure the grants process is inclusive of all community groups and funding supports projects targeting individuals across a range of protected characteristics, as outlined in the Equality Act 2010.</p>
What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?
<p>It is the Councils aim to ensure that the grants process is inclusive of all community groups and funding supports projects targeting individuals/ residents across a range of protected characteristics, as outlined in the Equality Act 2010.</p> <p>Analysis is therefore undertaken to ensure that the grant are distributed in a reasonable and proportionate manner.</p>
Which groups have been consulted as part of the creation or review of the policy?
<p>Evaluation takes place on successful applications to analyse whether there any gaps with regards to the protected characteristics in order to ensure the grants process is fair and equal to all. In particular analysis is undertaken to determine any barriers which may prevent specific community groups/ communities of interest from successfully applying or even applying at all to Charnwood Grants.</p>

■ **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

- Analysis of successful Community Development & Engagement Grants, Loughborough Grants and Community Facilities Grants 2018/19

What does this information / data tell you about diverse groups? 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)

Number & total of grants awarded based on protected characteristic:

	Number of grants awarded	Total funding approved
<b>Age</b>	8	£28,425
<b>Disability</b>	9	£21,496
<b>Gender Reassignment</b>	0	£0
<b>Pregnancy &amp; Maternity</b>	1	£1300
<b>Race</b>	3	£9,010
<b>Religion or Belief</b>	N/A	N/A
<b>Sex/ Gender</b>	0	£0
<b>Sexual Orientation</b>	0	£0
<b>No Characteristic/ Wider Community</b>	18	£50,044
<b>TOTAL</b>	39	£110,275

N.B. The characteristic of Marriage and Civil Partnership was not included due to its status within the Equality Act 2010 legislation, as it is to protect individuals from discrimination in the employment law. The harassment provisions that relate to other protected characteristics do not apply to marriage or civil partnership.

It is acknowledged that some of the approved grants are towards projects which support individuals with multiple characteristics and those projects supporting the wider community have a wide range of beneficiaries.

■ **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.

Further equalities monitoring may be required for those projects which have applied and are deemed unsuccessful in order to identify any further issues or potential barriers.

However, at this stage of analysis it is felt the information currently held is sufficient to analysis trends and determine any barriers or negative impacts.

■ **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>	There is a reasonable proportion of grant funding awarded to projects relating to Age. Of the grants awarded, there is a reasonable proportionate spread between projects for older and younger people. The process has therefore created a positive impact in relation to the protected characteristic of Age.
<b>Disability (Physical, visual, hearing, learning disabilities, mental health)</b>	There is a reasonable proportion of grant funding awarded to projects relating to disability. In addition it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics. Therefore, creating further positive impacts for people with disabilities. The process has therefore created a positive impact overall in relation to the protected characteristic of Disability.
<b>Gender Reassignment (Transgender)</b>	No projects have been specifically funded to support the protected characteristic of Gender Reassignment. The impact of this is neutral as there have been no applications to date. However it is acknowledged that specific marketing / promotion of Charnwood Grants could take place where specific support groups etc. meet for further awareness raising.
<b>Race</b>	There is some grant funding awarded to projects relating to Race. In additional it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics.
<b>Religion or Belief (Includes no belief)</b>	Whilst Charnwood Grants do not specifically support religious groups / activities, it does provide funding to these groups who are delivering activities for the wider community.  The impact is therefore neutral with regards to the protected characteristic of religion or belief with the acknowledged that wider benefits are created for the wider community.
<b>Sex (Gender)</b>	There is no specific grant funding awarded to projects relating to Gender. In addition, however, it is acknowledged that some of the projects funded are cross- cutting and support individuals with multiple characteristics. The process has therefore created a positive impact in relation to the protected characteristic of Gender.
<b>Sexual Orientation</b>	No projects have been specifically funded to support the protected characteristic of Sexual Orientation. The impact of this is neutral as there have been no applications to date. However it is acknowledged that specific marketing /

	promotion of Charnwood Grants could take place where specific support groups etc. meet for further awareness raising.
<b>Other protected groups (Pregnancy &amp; maternity, marriage &amp; civil partnership)</b>	There is some grant funding awarded to projects relating to these other protected groups, therefore the impact is positive. In addition it is acknowledged that some of the projects funded are cross - cutting and support individuals with multiple characteristics. Additional targeted promotional work will be undertaken.
<b>Other socially excluded groups (carers, low literacy, priority neighbourhoods, health inequalities, rural isolation, asylum seeker and refugee communities etc.)</b>	The grants which focus on the wider community have a wide range of benefits, particularly for residents from priority neighbourhoods or areas of deprivation and hard to reach sectors of the community.

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: a) If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately. b) 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.
No negative impacts or potential barriers have been identified. However it is acknowledged that specific marketing / promotion of Charnwood Grants could take place for the protected characteristics of Gender Reassignment, Pregnancy and Maternity and Sexual Orientation.
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).
It is the opinion that the Community Development & Engagement Grant and the Community Facilities Grant comply with Charnwood Borough Council's equality and diversity responsibilities. It will further promote equal opportunities and achieve positive outcomes.

**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?
Monitoring will continue on a quarterly and annual basis to assess the grant applications that are successful. Continuous monitoring and analysis will aim to identify gaps which may potentially highlight barriers or negative impacts towards specific community groups/ communities of interest.  Further equalities monitoring will be explored for those projects which have applied and are deemed unsuccessful, for the further identification of issues or potential barriers.
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.
Where barriers/ negative impacts are identified, the mitigating action and progress against this will be included within the relevant service plan.

■ **Step 7- Action Plan**

Please include any identified concerns/actions/issues in this action plan: <b>The issues identified should inform your Service Plan and, if appropriate, your Consultation Plan</b>			
Reference Number	Action	Responsible Officer	Target Date
001	Continue to monitor the Grants on a quarterly and annual basis to assess the grant applications that are both successful and unsuccessful.	J. Robinson	March 2020

■ **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	✓	This EIA will be published on the Council's website.
Service users	✓	
Partners and stakeholders	✓	
Others	✓	
To ensure ease of access, what other communication needs/concerns are there?	✓	

<b>Please delete as appropriate</b>
<b>I agree with this assessment / action plan</b>
<b>If <i>disagree</i>, state action/s required, reasons and details of who is to carry them out with timescales: N?A</b>
<b>Signed (Service Head): Julie Robinson</b>
<b>Date: 06.05.2019</b>

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

## CABINET – 19TH SEPTEMBER 2019

### Report of the Head of Customer Experience Lead Member: Councillor Thomas Barkley

#### Part A

#### ITEM 8 WRITE OFF REPORT FOR BUSINESS RATE PROPERTIES

##### Purpose of the Report

To seek Cabinet approval to write off irrecoverable debts in line with Financial Procedure Rules.

##### Recommendation

That the following debts be written off:

- 1) £82,594.31 owed by Odd John & Family Ltd;
- 2) £21,916.98 owed by S.P.U.R.R.A Ltd; and
- 3) £49,253.19 owed by 09874619 Ltd (Preto Loughborough Ltd).

##### Reason

The normal enforcement / recovery and tracing of these debts have been exhausted and Write Off is now the only alternative. The Council's financial procedures require any debt over £20,000 be approved by Cabinet.

##### Policy Justification

The Collection of Business Rates (National Non-Domestic Rates) is a statutory function.

##### Implementation Timetable including future Decisions and Scrutiny

Irrecoverable debts will be written off immediately following approval, subject to there being no call-in of the Cabinet's decision.

##### Report Implications

The following implications have been identified for this report:

##### *Financial implications*

Since 1st April 2013 the Council retains a certain amount of the business rates collected whereas before that the whole amount was paid over to the Government. Therefore, this write off could impact on the amount of income receivable by the Council. However, there is a bad debt allowance already included in the business rates projections for the year so it is unlikely that there will be any direct impact on the

council's budgeted income for 2019/20. The proportion of debt that directly impacts CBC is 20% of the total amount.

*Risk Management*

There are no risks associated in this report.

Key Decision: Yes

Background Papers: None

Officer to Contact: Karey Barnshaw  
Head of Customer Experience  
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[karey.barnshaw@charnwood.gov.uk](mailto:karey.barnshaw@charnwood.gov.uk)

## Part B

1. **Odd John & Family Limited** were incorporated in 2013 and traded at The Griffin Inn, 174 Main Street, Swithland. In July 2017 the Valuation Office reviewed their rating assessment following the conversion of a shed to a delicatessen and substantially increased the rateable value with effect from 1st October 2015. As a result of this reassessment the company became liable to an additional charge of £28,625 for the period October 2015 to March 2017, and the 2017/18 charge increased from £34,041 to £48,576.
2. In addition to the difficulties faced by the rate increase the company also faced a large liability to HM Revenues & Customs following a temporary and unsuccessful expansion to a second public house in North West Leicestershire.
3. The company directors appointed agents to challenge the valuation increase but only achieved a nominal alteration. They were unable to maintain an agreed repayment plan made with the Rates Office and the matter was referred to Enforcement Agents in February 2018. Regular payments were made to the Agents, but the directors struggled to meet these payments in addition to the new 2018/19 charge of £51,765 and they decided to approach insolvency practitioners in January 2019. A new company took occupation of The Griffin Inn with effect from 21st January 2019. Liquidators were appointed on 4th February 2019 and state that they do not expect any return to unsecured creditors due to insufficient funds.
4. **S.P.U.R.R.A Limited** took over the running of 108 World Buffet & Bar at 17 The Ruses from April 2017. The business did not succeed, and the restaurant closed in December 2017. After an initial 3-month exemption period the “person entitled to possession” became responsible for empty property rates. Land Registry records show that S.P.U.R.R.A Ltd hold the under-lease and so would be liable to empty rates.
5. The company has not made any payment towards the empty rate liability from April 2018 but is insolvent and was dissolved by the Registrar of Companies on 15th January 2019.
6. **09874619 Limited (formerly Preto Loughborough Ltd)** traded from 8 Old Hospital Court, Baxter Gate, Loughborough with effect from February 2017. The Valuation Office assessed a rateable value higher than the company had anticipated and struggled to maintain agreed monthly instalments. In May 2018 enforcement action had to be restarted as action had been originally been taken against Preto Ltd, but after an initial payment Preto Loughborough Ltd defaulted on an agreed payment plan. The restaurant did not trade as well as expected and the company ceased trading in January 2019. The company changed its name to 09874619 Limited and then went into liquidation on 29th March 2019. The statement of affairs shows a large deficiency as regards non-preferential creditors, so a return is not expected.

7. The Business Rates team have concluded that the outstanding sums should be written-off because they are no longer appropriate to retain as debts in the accounts as assets to the Authority. It seems prudent to write-off now rather than carry debts which are very unlikely to be recovered. In the scenario that the Council does receive some dividend towards the debt, the write-off would be reduced to take account of any payment received.

	Outstanding Rates	Outstanding Costs	Total Balance	Liabe Period
Account 96118742 and 96276599 Odd John & Family Ltd, The Griffin Inn, 174 Main St, Swithland LE12 8TJ	£45,928.84	-	£45,928.84	1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
	£36,665.47	-	£36,665.47	1 <sup>st</sup> April 2018 to 20 <sup>th</sup> January 2019
Account 96266484 S.P.U.R.R.A Ltd, 17 The Rushes, Loughborough LE11 5BE	£21,859.48	£57.50	£21,916.98	1 <sup>st</sup> April 2018 to 14 <sup>th</sup> January 2019
Account 96268091 09874619 Ltd, 8 Old Hospital Court, Baxter Gate, Loughborough	£18,826.50	£57.50	£18,884.00	1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
	£30,369.19	-	£30,369.19	1 <sup>st</sup> April 2018 to 31 <sup>st</sup> January 2019



## CABINET – 19TH SEPTEMBER 2019

### Report of the Head of Finance and Property Services Lead Member: Councillor Tom Barkley

#### Part A

#### ITEM 9 ANNUAL PROCUREMENT PLAN 2019/20

##### Purpose of Report

This report sets out additions to the Annual Procurement Plan for Charnwood Borough Council for 2019/20. Cabinet approved the Annual Procurement Plan on 14th March 2019 and amendments to the Plan on 4th July 2019. Since those reports, there have been other requirements by the Council's services for the supply of goods and services, and this report seeks approval for these.

##### Recommendations

1. That the contracts, over £25,000 and up to £75,000, listed in Appendix A be let in accordance with Contract Procedure Rules.
2. That the contracts, over £75,001 and up to £500,000, listed in Appendix B be let in accordance with Contract Procedure Rules.

##### Reason

1 & 2. To allow contracts of the Council to be let in accordance with contract procedure rules.

##### Policy Justification and Previous Decisions

This links with the Council's strategic aim for a well-managed council.

##### Implementation Timetable including Future Decisions and Scrutiny

Contracts will be let in accordance with the timetables set out in Appendices A and B.

##### Report Implications

The following implications have been identified for this report.

##### *Financial Implications*

There are no direct financial implications arising from this report as expenditure will be funded from existing budgets.

## 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	Overall Risk	Risk Management Actions Planned
Failure to follow the agreed Council Procedures and, as a consequence, not obtaining best value procurement	Unlikely (2)	Serious (3)	Moderate (6)	Wide circulation of 'reasons to meet the Rules' and provide advice to officers needing to use the Rules
Failure to follow EU procurement rules by not advertising in OJEU above a threshold.	Unlikely (2)	Serious (3)	Moderate (6)	Wide circulation of information relating to contract compliance, advice and service in placing requisite advert in OJEU for officers in service areas.

Key Decision:

Yes

Background Papers:

None

Officers to contact:

David Howkins  
Procurement Manager  
01509 634672  
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Lesley Tansey  
Acting Head of Finance & Property  
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## **Part B**

### Background

1. The Contract Compliance Rules require the Contract Compliance Officer to submit a report at the beginning of the financial year showing details of contracts to be let above £25,000 and below £500,000. In approving the report, Cabinet will agree for each contract the form of tender evaluation arrangements, whether the tender specification needs to be approved by Cabinet and whether authority is delegated to the Contract Compliance Officer to agree exceptions and open negotiation procedures.
2. Having an Annual Plan does not allow sufficient flexibility for goods and services that are found to be required during the year. Therefore, to avoid individual reports being submitted for each contract, and to encourage services to adhere to the Contract Compliance Rules, update reports will be produced with contracts to be let in the second, third and fourth quarters of the year.

### Procedure

3. Heads of Service have been contacted with a view to producing a plan for 2019/20 and details of all contracts that Heads of Service have asked to be included are given in the Appendices attached to this report. The contracts have been divided into those contracts estimated to cost between £25,000 and £75,000 and those contracts between £75,001 and £500,000.
4. For contracts up to £75,000, it is recommended that, in line with Quotation and Tender procedures the relevant Head of Service should deal with these by requesting 3 written quotations. In cases where a quotation other than the lowest is accepted, authority has been given to the Contract Compliance Officer to authorise a waiver or exception to the Contract Procedure Rules. Contracts falling under this authority have been itemised in Appendix A to this report.
5. For contracts in excess of £75,000, a written specification must be prepared and tendering completed in line with Contract Procedure Rules. Contracts falling under this authority have been itemised in Appendix B to the report.
6. Contracts above the £500,000 threshold need to be reported separately to Cabinet during the year before procurement begins.

### Appendices

Appendix A – Contracts between £25,000 and £75,000

Appendix B – Contracts between £75,001 and £500,000

**APPENDIX A**

**Annual Procurement Plan 2019/2020 – Contracts Greater than £25,000, but less than £75,000**

<b>No.</b>	<b>Service Area</b>	<b>Contract Title / Description</b>	<b>Tendering Method: 3 Quotes/Waiver</b>	<b>Delegation to Contract Compliance Officer</b>	<b>Procurement Start:</b>
1	Cleansing and Open Spaces	Community tree planting & woodland establishment as part of the commitment to plant 100,000 trees in the Borough	3 Quotes	Yes	01/10/2019
2	Landlord Services	Equipment Calibration Services	3 Quotes	Yes	01/12/2019
3	Landlord Services	Contractor to undertake major remodelling of a dwelling	3 Quotes	Yes	01/10/2019
4	Planning and Regeneration	Carbon Neutral Plan: preparation of evidence base and action plan for carbon neutrality by 2030.	3 Quotes	Yes	01/10/2019
5	Planning and Regeneration	Watermead Regeneration Corridor: feasibility and design works to implement project from Watermead Action Plan.	3 Quotes	Yes	01/10/2019
6	Planning and Regeneration	Shepshed Town Centre Masterplan Implementation: feasibility and design works to implement public realm improvements.	3 Quotes	Yes	01/10/2019

No.	Service Area	Contract Title / Description	Tendering Method: 3 Quotes/Waiver	Delegation to Contract Compliance Officer	Procurement Start:
7	Planning and Regeneration	Loughborough Town Centre Masterplan Implementation: feasibility and design works to implement public realm improvements.	3 Quotes	Yes	01/10/2019
8	Strategic Support	Lease for Mayor's car	3 Quotes	Yes	01/01/2020
9	Street Management	Beehive Lane Car Park improvements and repairs, installation of safety fencing and painting.	Framework contract / Tender	Yes	01/12/2019

**APPENDIX B**

**Annual Procurement Plan 2019/2020 – Contracts Greater than £75,001, but less than £500,000**

<b>No.</b>	<b>Service Area</b>	<b>Contract Title / Description</b>	<b>Tendering Method: (Full Tender/OJEU Procedure)</b>	<b>Delegation to Contract Compliance Officer</b>	<b>Procurement Start:</b>
1	Cleansing and Open Spaces	Shelthorpe Golf Course Fencing	Tender	Yes	01/10/2019
2	Cleansing and Open Spaces	Leasing of electric vehicles for Street Management, Pest Control and where available for Housing Services	Framework / Waiver	Yes	01/11/2019
3	Finance & Property Services	Property Valuation Services (Commercial)	Tender	Yes	01/04/2020
4	Landlord Services	Drainage contractor	Framework / Waiver	Yes	01/12/2019
5	Landlord Services	Scaffold contractor	Framework / Waiver	Yes	01/12/2019
6	Landlord Services	EWI repair contractor	Framework / Waiver	Yes	01/12/2019
7	Landlord Services	Asbestos services contractor	Framework / Waiver	Yes	01/12/2019
8	Landlord Services	Quantity surveying services	Framework / Waiver	Yes	01/12/2019
9	Landlord Services	Door supply, fit, and repair contractor	Framework / Waiver	Yes	01/12/2019
10	Planning and Regeneration	Bedford Square redevelopment - design and feasibility study	Framework / Waiver	Yes	01/10/2019

No.	Service Area	Contract Title / Description	Tendering Method: (Full Tender/OJEU Procedure)	Delegation to Contract Compliance Officer	Procurement Start:
11	Strategic Support	Upgrade to iTrent software (ICS / HR / Payroll) management system	Waiver	Yes	01/09/2019

## CABINET – 19TH SEPTEMBER 2019

### Report of the Head of Finance and Property Services Lead Member: Cllr Tom Barkley

#### Part A

#### ITEM 10 CAPITAL PLAN AMENDMENT REPORT

##### Purpose of the Report

This report requests Cabinet to consider and approve changes to the 2019/20 - 2020/21 Capital Plan and its financing.

##### Recommendations

1. That the current Capital Plan for 2019/20 - 2020/21, as amended by the changes shown in Appendix 1, in the sum of £28,056,800 be approved.
2. To approve a Community Tree Planting Programme for 2019/20, £20k to be funded from Capital Plan Reserve.
3. To approve a new Flexi Time System within itrent and to upgrade itrent to be hosted on the cloud, £24.1K for 2019/20 to be funded from Capital Plan Reserve.
4. That the Disabled Facilities Grants (DFG) scheme be increased by £12.9k to allow for the Disabled Facilities Grants from the Ministry of Housing, Communities and Local Government to be spent. The total DFG Capital budget being £1,419,300.
5. To note amendments to the Capital Programme since Cabinet 14<sup>th</sup> March 2019 Minute 99 in Appendix 1.

##### Reasons

1. To enable the Capital Plan to be the basis for capital spending by the Council and so that schemes may proceed.
2. To enable the scheme budget to be available in 2019/20.
3. To enable the scheme budgets to be available in 2019/20.
4. To confirm that the Disabled Facilities Grants scheme be increased and funded by an external grant.
5. To note the new Capital Scheme as part of S106 Agreements implemented by Officers.



### Policy Justification and Previous Decisions

The Capital Plan is an integral element of all policies and the current three-year plan was adopted by Council on 26th February 2018. Amendments to the Capital Plan were last reported to the Cabinet 4th July 2019 Capital Outturn Report.

### Implementation Timetable including Future Decisions and Scrutiny

This report will be available for scrutiny by the Scrutiny Commission on 16th September 2019.

Implementation will be immediately after the period for call-in of the Cabinet's decisions (subject to there being no call-in).

### Report Implications

The following implications have been identified for this report.

#### *Financial Implications*

The financial implications are covered in the body of this report.

#### *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	Overall Risk	Risk Management Actions Planned
Insufficient funding	Likely (3)	Major (4)	High (12)	The funding of the Capital Plan is regularly monitored and any apparent shortfalls are brought to the attention of Cabinet with suggested solutions.
General Risks associated with capital expenditure	Unlikely (2)	Serious (3)	Moderate (6)	The Capital Plan is controlled through the Capital Monitoring & Senior Management Team. Such risks are identified and dealt with and reported as necessary to the Senior Management Team and Cabinet.

Key Decision: Yes

Background Papers: None

Officer to Contact: Lesley Tansey  
Acting Head of Finance and Property Services  
01509 634848  
[lesley.tansey@charnwood.gov.uk](mailto:lesley.tansey@charnwood.gov.uk)

## Part B

### Background - Capital Plan

1. The Capital Plan amendment report provides a breakdown of the new/amended schemes for 2019/20 budgets, and detailed budgets are set out in Appendix 1 for 2019/20 & 2020/21.
2. The net effects of these changes on the 2019/20 Capital Plan are as follows:

<b>2019/20 Capital Plan</b>	<b>£'000</b>
Approved 2019/20 Capital Plan	13,714,700
Carry Forward Budgets 2018-19, Approved 3 <sup>rd</sup> July Cabinet Minute 17	1,079,800
New and Amended schemes since 14 <sup>th</sup> March Cabinet Minute 99	228,700
<b>Amended 2019/20 Capital Plan</b>	<b>15,023,200</b>

<b>Funded by:</b>	<b>£'000</b>
<b>General Fund:</b>	
Grants, S106 Contributions and Revenue	3,129,200
Contributions from Capital Plan Reserve	900,400
Contributions from Capital Receipts	1,899,100
<b>Total General Fund</b>	<b>5,928,700</b>
<b>HRA:</b>	
MRA or equivalent	8,253,400
Contributions from Capital Receipts	841,100
<b>Total HRA</b>	<b>9,094,500</b>
<b>Total Funding for 2019/20</b>	<b>15,023,200</b>

3. A full list of the decisions and amendments are listed in Appendix 1. A detailed explanation for the major changes are given in the table below. Then the current Capital Plan, excluding the changes listed in Appendix 1, is included as Appendix 2.

<b>New/Amended Schemes</b>	<b>£</b>
<b>Community Tree Planting Programme 2019/20</b>	<b>£20,000</b>
<p>Charnwood Borough Council has made a pledge to plant 100,000 trees over the next four years to make the Charnwood one of the greenest Borough's. Whilst many of these trees will be provided through new POS incorporated into new developments, the Council aims to directly deliver the remaining balance through community planting in parks and creation of new community woodlands through the Borough.</p> <p>£20,000 is requested to initiative the first phase of the project to plant over 50 new feature "standard" trees throughout CBC parks and open spaces and establish 3.5 hectares of new community woodland, totalling approximately 4,000 trees.</p> <p>The work will be delivered in partnership with "friends of" groups, resident associations, and parish councils. Key partners will be the National Forest and Forestry Commission. This scheme is to be funded from Reinvestment Reserve.</p>	
<b>iTrent payroll/HR upgrade to Cloud and Time Recording/Flexi Module</b>	<b>£24,100</b>
<p>iTrent is the current Payroll and HR system and was introduced to the Council on 30<sup>th</sup> September 2013. The system is provided by Midland HR (MHR)</p> <p>The system has a self-service module which is accessed by most officers in the council and deemed to be valuable across the board.</p> <p>The initial contract period with MHR was for 5 years Since 1<sup>st</sup> October 2018 the council has been in a rolling 12-month contract. Therefore, the council is subject to outdated terms and conditions.</p> <p>Discussions have been held with MHR regarding a revised 3 year contract. Included within this contract is the move to a cloud-based system which compliments the direction outlined in the ICS Strategy. The upgrade also includes an additional Time Recording/Flexi Module which is in needs to be replaced and maintained.</p>	
<b>Increase in Disabled Facilities Grant Budget (DFG)</b>	<b>£12,900</b>
To increase the DFG grant by £12.9K, all funded by Better Care. The total DFG Grant for 2019/20 and future years is £1,419,300.	

4. The Capital Plan is fully funded as per the table in paragraph 2 of this report.

#### Appendices

Appendix 1 – Details of Capital Plan Amendments

Appendix 2 – Capital Plan 2019/20-2020/21

**CAPITAL PLAN AMENDMENT REPORT 2019/20**
**Appendix 1**

	2019/20 £	2020/21 £	2021/22 £
<b>Capital Plan Amendment Report - 14th March 2019 - Minute 99</b>	<b>13,714,700</b>	<b>8,268,600</b>	<b>0</b>
<u>Cabinet 13th September 2018 - Minute 29</u> Environmental Services - Fleet Purchase		4,800,000	
<u>Cabinet 14th February 2019 - Minute 86</u> Community Facilities Grants Members Grants	(26,000) 26,000		
<u>Delegated Decision (DD028 2019) - 4th March 2019</u> Rothley Parish Council - additional recreation & play area facilities at Mountsorrel Lane, funded by S106	29,900		
<u>E-mail A Khan - 11th April 2019</u> Replacement Hardware Programme - Block Sum	35,000	(35,000)	
<u>Delegated Decision (DD052 2019) - 8th April 2019</u> Barkby Road, Queniborough - acquisition of 27 dwellings Major Void Works - Fortem	27,100 (27,100)		
<u>Delegated Decision (DD063 2019) - 14th May 2019</u> Syston Town Council - S106 contribution towards Cemetery in Syston	17,800		
<u>Cabinet 3rd July 2019 - Minute 17</u> Carry forwards from 2018/19	1,079,800		
<u>Delegated Decision (DD108 2019) - 1st August 2019</u> Shelthorpe Golf Course - Fencing funded by S106	89,000		
Sub Total Agresso CPT Monitoring Period 4	<b>14,966,200</b>		
<u>Capital Programme Team - 13th August 2019 for Cabinet Approval</u> Disabled Facilities Grants - scheme increased funded S106 Community Tree Planting CPT 13th August 2019 ITrent Upgrade to Cloud hosted and additional Time Recording/Flexi Module	12,900 20,000 24,100		
<b>Update Report - Total</b>	<b>15,023,200</b>	<b>13,033,600</b>	<b>0</b>
<b>Total of 3 Year Capital Plan</b>			<b>28,056,800</b>

CAPITAL PLAN 2019/20										
			2019/20					2020/21		
Scheme Details	First year in Capital Plan	Total Plan Cost	Spend Before 2019/20	Original Plan	Current Budget	Actual Spend 31/7/19	Balance	Original Plan	Current Budget	
		£	£	£	£	£	£	£	£	
<b>SUMMARY OF CAPITAL PLAN</b>										
<b><u>Directly Delivered Schemes</u></b>										
Community Wellbeing		8,014,586	1,668,986	188,000	860,600	(45,561)	906,161	685,000	5,485,000	
Corporate Services		2,250,178	1,994,678	110,000	180,500	101,087	79,413	110,000	75,000	
Housing, Planning & Regeneration & Regulatory Services - General Fund		785,424	239,424	200,000	446,000	74,924	371,076	100,000	100,000	
Housing, Planning & Regeneration & Regulatory Services - HRA		35,996,953	20,721,853	6,613,300	9,094,500	337,026	8,757,474	5,288,500	6,180,600	
<b>Sub-total Direct Delivery</b>		<b>47,047,141</b>	<b>24,624,941</b>	<b>7,111,300</b>	<b>10,581,600</b>	<b>467,476</b>	<b>10,114,124</b>	<b>6,183,500</b>	<b>11,840,600</b>	
<b><u>Indirectly Delivered Schemes</u></b>										
Community Wellbeing		1,319,302	343,402	30,000	915,900	287,256	628,644	60,000	60,000	
Corporate Services		0	0	0	0	0	0	0	0	
Housing, Planning & Regeneration & Regulatory Services - General Fund		20,264,232	15,605,532	2,430,000	3,525,700	264,865	3,260,835	1,133,000	1,133,000	
Housing, Planning & Regeneration & Regulatory Services - HRA		0	0	0	0	0	0	0	0	
<b>Sub-total Indirect Delivery</b>		<b>21,583,534</b>	<b>15,948,934</b>	<b>2,460,000</b>	<b>4,441,600</b>	<b>552,121</b>	<b>3,889,479</b>	<b>1,193,000</b>	<b>1,193,000</b>	
<b>GF Total</b>		<b>32,633,722</b>	<b>19,852,022</b>	<b>2,958,000</b>	<b>5,928,700</b>	<b>682,571</b>	<b>5,246,129</b>	<b>2,088,000</b>	<b>6,853,000</b>	
<b>HRA Total</b>		<b>35,996,953</b>	<b>20,721,853</b>	<b>6,613,300</b>	<b>9,094,500</b>	<b>337,026</b>	<b>8,757,474</b>	<b>5,288,500</b>	<b>6,180,600</b>	
<b>Grand Total</b>		<b>68,630,675</b>	<b>40,573,875</b>	<b>9,571,300</b>	<b>15,023,200</b>	<b>1,019,597</b>	<b>14,003,603</b>	<b>7,376,500</b>	<b>13,033,600</b>	
<b>Community Wellbeing</b>										
<b><u>Direct Delivery</u></b>										
JT	Z478	Shortcliffe Community Park	2015/16	162,099	146,799	0	15,300	0	15,300	0
JT	Z697	Bell Foundry Pocket Park - Phase 1 & 2	2016/17	89,009	80,609	0	8,400	(15,284)	23,684	0
JT	Z494	Public Art Provision - Loughborough & Shepshed	2017/18	92,824	17,724	0	75,100	10,000	65,100	0
JR	Z388	CCTV	2014/15	224,974	97,874	35,000	92,100	0	92,100	35,000
SW	Z785	Old Rectory Museum Toilet	2018/19	12,000	0	0	12,000	11,930	70	0
SW	Z392	Public Realm and Art Improvements	2014/15	104,694	104,694	0	0	(3,245)	3,245	0
SW	Z421	Carillon Tower Restoration Project	2017/18	298,026	298,026	0	0	(23,019)	23,019	0
SW	Z426	Loughborough Market - Replacement Tug and Trailer	2018/19	21,500	0	0	21,500	7,753	13,747	0
KS	Z746	Charnwood Museum Public Toilets Refurbishment	2018/19	19,887	19,887	0	0	171	-171	0
NB	Z748	Loughborough Festive Lights and Street Dressing	2018/19	129,997	99,097	0	30,900	(6,000)	36,900	0
NB	Z749	Loughborough Market Improvements	2018/19	59,954	35,954	0	24,000	(335)	24,335	0
RK	Z757	Town Hall Roof Upgrade	2018/19	50,024	17,524	0	32,500	(11,290)	43,790	0
MB	Z394	Provision of Neighbourhood Notice Boards	2014/15	14,956	13,056	0	1,900	0	1,900	0
MB	Z739	Green Spaces Programme	2016/17	590,034	492,334	0	97,700	(49,242)	146,942	0
JT	Z747	Dishley Pool Access Works	2018/19	32,632	12,432	0	20,200	0	20,200	0
MB	Z784	Loughborough Cemetery - New Burial Provision	2018/19	650,000	0	0	0	8,650	-8,650	650,000
SR	Z750	Loughborough Old Cemetery Green Flag Site Development	2018/19	40,000	0	0	40,000	0	40,000	0
SR	Z752	Mountsorrel Castle Park Green Flag Site Development	2018/19	40,000	0	0	40,000	0	40,000	0
MB	Z753	The Outwoods Country Park - Septic tank system replacement	2018/19	45,009	28,009	0	17,000	2,944	14,056	0
MB	Z754	The Outwoods Country Park - Visitor Centre and Café	2018/19	188,000	1,200	153,000	186,800	(738)	187,538	0
MB	Z782	Outwoods Country Park	2018/19	140,038	125,738	0	14,300	14,056	244	0
MB	Z755	Shortcliffe Park Access Bridges	2018/19	49,950	34,750	0	15,200	0	15,200	0
MB	Z790	Environmental Services - Fleet Purchase	2019/20	4,800,000	0	0	0	0	0	4,800,000
AG	Z503	Charnwood Sites Access and Security	2018/19	49,979	43,279	0	6,700	8,088	-1,388	0
MB	Z791	Shelthorpe Golf Course - Fencing	2019/20	89,000	0	0	89,000	0	89,000	0
AG	Z792	Community Tree Planting Programme	2019/20	20,000	0	0	20,000	0	20,000	0
<b>Sub-total Direct Delivery</b>		<b>8,014,586</b>	<b>1,668,986</b>	<b>188,000</b>	<b>860,600</b>	<b>(45,561)</b>	<b>906,161</b>	<b>685,000</b>	<b>5,485,000</b>	

**CAPITAL PLAN 2019/20**

Scheme Details		First year in Capital Plan	Total Plan Cost	Spend Before 2019/20	2019/20			2020/21			
					Original Plan	Current Budget	Actual Spend 31/7/19	Balance	Original Plan	Current Budget	
			£	£	£	£	£	£	£	£	
<b>Indirect Delivery</b>											
JR	Z348	Community Facilities Grants	On-going	395,532	158,732	30,000	176,800	16,410	160,390	60,000	60,000
JR	Z427	Members Grants	2019/20	26,000	0	0	26,000	1,250	24,750	0	0
JR	Z488	Thorpe Acre Residents Association - contribution towards Community Hub building	2016/17	25,900	0	0	25,900	0	25,900	0	0
JR	Z499	Syston Town Council - contribution towards Cemetery in Sy	2017/18	237,382	160,182	0	77,200	77,262	-62	0	0
JR	Z292	Hallam Fields Community Hall	2007/08	499,988	24,488	0	475,500	130,161	345,339	0	0
JR	Z500	Birstall Cedars Academy all weather pitch	2018/19	50,000	0	0	50,000	0	50,000	0	0
JR	Z783	Thurmaston Parish Council - Silverdale and Elizabeth Park	2018/19	32,300	0	0	32,300	32,265	35	0	0
JR	Z789	Rothley Parish Council - additional recreation & play area facilities at Mountsorrel Lane	2019/20	29,900	0	0	29,900	29,908	-8	0	0
MB	Z778	Syston Community Garden	2018/19	22,300	0	0	22,300	0	22,300	0	0
<b>Sub-total Indirect Delivery</b>				<b>1,319,302</b>	<b>343,402</b>	<b>30,000</b>	<b>915,900</b>	<b>287,256</b>	<b>628,644</b>	<b>60,000</b>	<b>60,000</b>
<b>Community Wellbeing - Total</b>				<b>9,333,888</b>	<b>2,012,388</b>	<b>218,000</b>	<b>1,776,500</b>	<b>241,695</b>	<b>1,534,805</b>	<b>745,000</b>	<b>5,545,000</b>
<b>Corporate Services</b>											
<b>Direct Delivery</b>											
AK	Z085	Replacement Hardware Programme - Block Sum	On-going	1,317,424	1,222,424	80,000	50,000	36,370	13,630	80,000	45,000
AK	Z354	Infrastructure Development - Block Sum	2012/13	201,502	143,502	30,000	28,000	20,070	7,930	30,000	30,000
AK	Z780	Wireless connectivity including presentation facilities	2018/19	34,615	34,615	0	0	(3,050)	3,050	0	0
KB	Z423	Call Secure System - PCI Compliance	2017/18	40,152	4,252	0	35,900	0	35,900	0	0
KB	Z425	Corporate Booking System	2017/18	22,875	22,875	0	0	0	0	0	0
DC	Z415	Southfields Offices - Roofing	2015/16	101,470	101,470	0	0	(950)	950	0	0
DC	Z493	Fearon Hall	2017/18	249,997	237,497	0	12,500	44,059	-31,559	0	0
DW & DC	Z759	Woodgate Chambers - high level roof and windows improvements	2018/19	50,000	20,000	0	30,000	4,132	25,868	0	0
DC	Z777	Messenger Close, Lough - Options for future use	2017/18	208,043	208,043	0	0	456	-456	0	0
AK	Z793	ITrent Upgrade & New Flexi Time System	2019/20	24,100	0	0	24,100	0	24,100	0	0
<b>Sub-total Direct Delivery</b>				<b>2,250,178</b>	<b>1,994,678</b>	<b>110,000</b>	<b>180,500</b>	<b>101,087</b>	<b>79,413</b>	<b>110,000</b>	<b>75,000</b>
<b>Corporate Services - Total</b>				<b>2,250,178</b>	<b>1,994,678</b>	<b>110,000</b>	<b>180,500</b>	<b>101,087</b>	<b>79,413</b>	<b>110,000</b>	<b>75,000</b>
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - General Fund</b>											
<b>Direct Delivery</b>											
AT	Z744	Beehive Lane Car Park Improvements and refurbishment scheme	2018/19	180,029	4,829	30,000	75,200	0	75,200	100,000	100,000
AT	Z781	Beehive Lane Car Park fire & safety evacuation systems	2018/19	125,000	0	0	125,000	75,704	49,296	0	0
AT	Z786	Car Parks Resurfacing and Improvements	2018/19	170,000	0	170,000	170,000	0	170,000	0	0
DC	Z738	Carbon Management Schemes	2016/17	190,972	135,172	0	55,800	(780)	56,580	0	0
RB	Z468	Planning and Regeneration Essential Technology Refresh	2015/16	84,461	83,361	0	1,100	0	1,100	0	0
AS	Z424	Choice Based Lettings Software	2017/18	34,962	16,062	0	18,900	0	18,900	0	0
<b>Sub-total Direct Delivery</b>				<b>785,424</b>	<b>239,424</b>	<b>200,000</b>	<b>446,000</b>	<b>74,924</b>	<b>371,076</b>	<b>100,000</b>	<b>100,000</b>
<b>Indirect Delivery</b>											



**CAPITAL PLAN 2019/20**

					2019/20				2020/21	
Scheme Details		First year in Capital Plan	Total Plan Cost	Spend Before 2019/20	Original Plan	Current Budget	Actual Spend 31/7/19	Balance	Original Plan	Current Budget
			£	£	£	£	£	£	£	£
DH	Z366	Loughborough University Science & Enterprise Park	2012/13	500,000	150,000	0	350,000	0	350,000	0
DH	Z367	Bleach Yard	2013/14	29,951	24,051	0	5,900	0	5,900	0
DH	Z787	Bedford Square Gateway	2018/19	780,000	0	780,000	780,000	0	780,000	0
DH	Z835	Shepshed Bull Ring	2018/19	600,000	0	600,000	600,000	0	600,000	0
DH	Z745	Leicestershire Superfast Broadband Phase 3	2018/19	100,000	0	0	100,000	0	100,000	0
DH	Z126	Loughborough Eastern Gateway	2006/07	4,056,249	4,056,249	0	0	7,000	-7,000	0
RB	Z396	Public Realm - Shepshed Town Centre	2014/15	50,487	18,687	0	31,800	12,827	18,973	0
RS	Z210	Disabled Facilities Grants - Block Sum	On-going	11,773,931	9,283,731	980,000	1,432,200	244,473	1,187,727	1,058,000
RS	Z346	Private Sector Housing Grants - Block Sum	On-going	398,998	150,098	70,000	173,900	325	173,575	75,000
RS	Z141	Regional Housing Pot Grant	On-going	1,889,057	1,846,157	0	42,900	0	42,900	0
RS	Z363	Fuel Poverty Scheme	2012/13	85,559	76,559	0	9,000	240	8,760	0
<b>Sub-total Indirect Delivery</b>				<b>20,264,232</b>	<b>15,605,532</b>	<b>2,430,000</b>	<b>3,525,700</b>	<b>264,865</b>	<b>3,260,835</b>	<b>1,133,000</b>
<b>Planning &amp; Regeneration &amp; Regulatory Services - General Fund - Total</b>				<b>21,049,656</b>	<b>15,844,956</b>	<b>2,630,000</b>	<b>3,971,700</b>	<b>339,789</b>	<b>3,631,911</b>	<b>1,233,000</b>
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - HRA</b>										
<b>Direct Delivery</b>										
PO	Z300	Major Adaptations	On-going	5,741,912	5,741,912	0	0	99	-99	0
PO	Z761	Major Adaptations - Fortem	2018/19	1,425,716	370,716	450,000	605,000	(60,695)	665,695	450,000
PO	Z301	Minor Adaptations	On-going	709,129	609,129	50,000	50,000	4,030	45,970	50,000
PO	Z302	Stairlifts	On-going	730,056	610,056	60,000	60,000	40,888	19,112	60,000
PO	Z762	Major Void Works - Fortem	2018/19	617,247	84,347	280,000	252,900	(17,706)	270,606	280,000
<b>Compliance</b>										
PO	Z434	Asbestos Removal	On-going	1,712,663	1,412,663	150,000	150,000	79,075	70,925	150,000
PO	Z771	Communal Area Improvements - Fortem	2018/19	450,030	150,030	150,000	150,000	29,212	120,788	150,000
PO	Z742	Communal Area Electric	2016/17	986,903	586,903	200,000	200,000	1,194	198,806	200,000
PO	Z374	Carbon monoxide/smoke alarms	On-going	240,379	240,379	0	0	1,228	-1,228	0
PO	Z772	Carbon Monoxide Alarms	2018/19	122,239	2,239	40,000	90,000	977	89,023	30,000
PO	Z401	Fire Safety	On-going	1,532,314	1,532,314	0	0	(38,894)	38,894	0
PO	Z773	Fire Safety Works	2018/19	211,292	11,292	100,000	100,000	(10,000)	110,000	100,000
PO	Z774	Cavity/Loft insulation - Fortem	2018/19	129,000	29,000	50,000	50,000	(24,497)	74,497	50,000
<b>Stock Maximisation</b>										
PO	Z375	Garages	2016/17	100,000	0	50,000	50,000	0	50,000	50,000
<b>Decent Homes</b>										
PO	Z763	Kitchens - Fortem	2018/19	992,915	255,715	190,000	379,200	(19,201)	398,401	358,000
PO	Z764	Bathrooms - Fortem	2018/19	2,073,058	308,558	578,300	1,034,000	140,150	893,850	730,500
PO	Z765	Electrical Upgrades - Fortem	2018/19	151,720	18,720	54,000	54,000	103	53,897	79,000
PO	Z766	Windows - Fortem	2018/19	40,000	0	20,000	20,000	0	20,000	20,000
PO	Z767	Central Heating and Boiler Installation - Fortem	2018/19	1,661,294	767,294	238,000	460,000	(140,797)	600,797	434,000
PO	Z743	Sheltered Housing Improvements inc heating & equipment	2016/17	1,011,753	611,753	200,000	200,000	0	200,000	200,000
PO	Z768	Door Replacement - Fortem	2018/19	925,215	75,815	315,000	534,400	6,505	527,895	315,000
PO	Z769	Re-roofing - Fortem	2018/19	1,777,793	577,793	600,000	600,000	(79,923)	679,923	600,000
PO	Z770	Major Structural Works - Fortem	2018/19	540,000	40,000	250,000	250,000	20,839	229,161	250,000
<b>General Capital Works</b>										
PO	Z776	Estate and External Works - Fortem	2018/19	615,071	71	205,000	410,000	(1,448)	411,448	205,000

**CAPITAL PLAN 2019/20**

						2019/20			2020/21	
Scheme Details		First year in Capital Plan	Total Plan Cost	Spend Before 2019/20	Original Plan	Current Budget	Actual Spend 31/7/19	Balance	Original Plan	Current Budget
PO	Z857	Housing Capital Technical Costs	4,345,533	3,721,533	312,000	312,000	0	312,000	312,000	312,000
PO	Z378	Door Entry Systems	1,326,931	926,931	200,000	200,000	(23,073)	223,073	200,000	200,000
AS	Z760	Acquisition of Affordable Housing to meet housing need	5,642,128	1,945,228	1,856,000	2,804,800	407,693	2,397,107	0	892,100
AS	Z788	Barkby Road, Queniborough - acquisition of 27 dwellings	27,100	0	0	27,100	7,667	19,433	0	0
PO	Z775	Mobility Scooter Storage - Fortem	45,000	0	15,000	30,000	0	30,000	15,000	15,000
PO	Z470	Job Management System	112,562	91,462	0	21,100	13,600	7,500	0	0
<b>Sub-total Direct Delivery</b>			<b>35,996,953</b>	<b>20,721,853</b>	<b>6,613,300</b>	<b>9,094,500</b>	<b>337,026</b>	<b>8,757,474</b>	<b>5,288,500</b>	<b>6,180,600</b>
<b>Housing, Planning &amp; Regeneration &amp; Regulatory Services - HRA - Total</b>			<b>35,996,953</b>	<b>20,721,853</b>	<b>6,613,300</b>	<b>9,094,500</b>	<b>337,026</b>	<b>8,757,474</b>	<b>5,288,500</b>	<b>6,180,600</b>

## CABINET - 19TH SEPTEMBER 2019

### Report of the Head of Strategic Support Lead Member: Councillor Poland

#### Part A

#### ITEM 11 SHARED INTERNAL AUDIT SERVICE WITH NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL AND BLABY DISTRICT COUNCIL

##### Purpose of Report

To present proposals for a shared service arrangement between Charnwood Borough Council, North West Leicestershire District Council and Blaby District Council for the provision of internal audit, with North West Leicestershire being the lead authority.

##### Recommendations

1. That the Council enter into an arrangement for a shared internal audit service with North West Leicestershire District Council and Blaby District Council, on the basis as set out in Part B of this report for an initial period of five years.
2. That delegated authority be given to the Head of Strategic Support to finalise detailed arrangements and complete any required legal agreements to implement the arrangements.

##### Reasons

1. To support the delivery of a shared internal audit service between the three authorities, with the aim of increasing resilience, improving service delivery, and potentially generating future cost savings.
2. To allow for the detailed arrangements to be finalised expeditiously.

##### Policy Justification and Previous Decisions

Although the consideration of internal audit reports is a Council function delegated to the Audit Committee, the function of resourcing the internal audit service is not expressly reserved to Council, and as such is an Executive function that falls to Cabinet.

##### Implementation Timetable including Future Decisions and Scrutiny

Recommendation 2 seeks to give delegated authority to the Head of Strategic Support to agree the commencement date for the implantation of the shared service arrangements, which will require agreement from the other two authorities involved.

## Report Implications

The following implications have been identified for this report.

### *Financial Implications*

The current budgeted staffing costs of the in-house internal audit team are estimated at £102,500 per annum.

The cost of the proposed shared service, including disbursements, is just under £91,000 per annum.

The current financial year (2019/20) is the final year of the ongoing 4 year audit plan cycle, and an audit needs assessment will be undertaken to determine the level of audit days required for future financial years. The £11,500 difference between the current service costs and the proposed shared service arrangement will be retained until the outcome of the audit needs assessment is known, as it may be required to fund additional support.

### *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	Overall Risk	Risk Management Actions Planned
Recruitment difficulties for the proposed Senior Auditor post in the shared service establishment	Unlikely (2)	Significant (2)	Low (4)	If recruitment is unsuccessful the unspent staffing budget would be available to buy-in additional audit days
Potential performance and service delivery problems with the shared service arrangement	Unlikely (2)	Significant (2)	Low (4)	The shared service arrangement has already been in place between NWLDC and Blaby and has proved successful, and the Head of Strategic Support will be responsible for ongoing monitoring of the service. The Audit Committee will also receive regular progress reports.

### *Equality and Diversity*

Equality and diversity implications relating to any existing Council staff will be considered as part of the TUPE arrangements.

Key Decision: Yes

Background Papers: None

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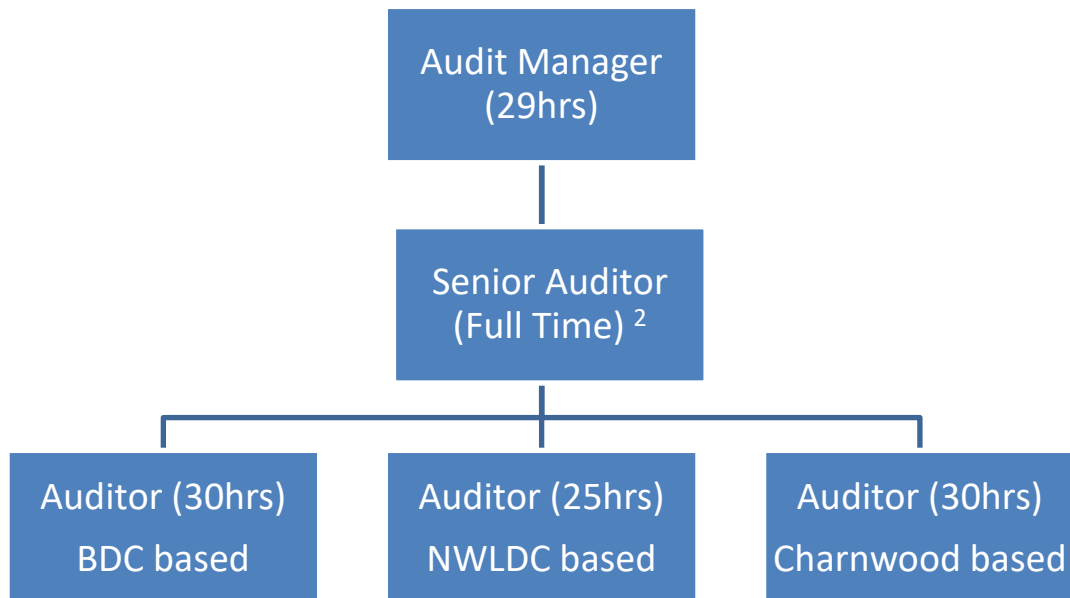
## Part B

### Background

1. The Council currently operates an on-house internal audit team, with the following staffing establishment:

<b>Post</b>	<b>Weekly Hours</b>	<b>Notes</b>
Audit & Risk Manager	Full-time - 37 hours <sup>1</sup>	Currently vacant
Auditor	Full-time – 37 hours	Currently vacant
Auditor	Part-time – 30 hours	

- <sup>1</sup> Estimated as spending 33% of time on direct internal audit work (12¼ hours)
2. The Audit & Risk Manager and the full-time Auditor left the Council's employment a few months ago, and the opportunity was taken to review potential alternative options to deliver the internal audit service.
3. A procurement process has been undertaken to buy-in additional support to deliver planned internal audit work that would have normally been delivered by the currently vacant posts within the internal audit team.
4. Exploratory discussions were held with some neighbouring authorities and with various existing local government shared internal audit service providers to identify potential shared service opportunities.
5. Most of the options considered would have resulted in increased costs to deliver a comparable number of audit days to the current arrangements, because the potential providers were either offering a service based on paying a fixed daily rate, or were offering to provide a service based on transferring the total existing budget for the 3 current audit posts on the establishment, although this included non-audit responsibilities which would need to have been funded from elsewhere on a cost-additive basis.
6. The most favourable option identified was a shared internal audit service with North West Leicestershire District Council (NWLDC) and Blaby District Council (BDC), who have already been operating a joint service for a number of years with NWLDC being the lead authority. This was the closest option to a genuine shared service arrangement, with all the participating authorities working together on a partnership basis, and could also be delivered within the existing available budget, including leaving funding available for non-audit responsibilities such as risk management and business continuity. This option is therefore the one that is recommended.
7. The proposed staffing model for the extended shared service for the 3 authorities is set out below:



<sup>2</sup> Senior Auditor to be recruited if the shared service proposal goes ahead

8. The average weekly split of time to be spent supporting this Council would be:

Audit Manager: 40% (11.6 hours)

Senior Auditor: 66% (24.4 hours)

Auditor: 100% (30 hours)

9. This is a slightly reduced number of hours for internal audit work compared to the existing in-house establishment, and also would replace what was an Auditor post with a Senior Auditor. However, the current financial year is the final year of the 4 year long-term internal audit plan, and therefore an audit needs assessment will need to be undertaken by the Audit Manager of the new shared service. As set out in the financial implications section of this report, the £11,500 saving between the current budget and the shared service budget will be retained and will be available to fund any additional support that may be identified as being required.
10. It is proposed that the remaining Charnwood part-time Auditor would be transferred to be employed by NWLDC under TUPE provisions.
11. It is considered that the shared service proposal presents an opportunity to improve resilience, share experience and knowledge, and in future it also offers potential opportunities for cost savings and service improvements. For example, each authority currently employes external IT audit support, but by pooling their requirements the shared service may be able to directly recruit an experienced IT auditor at some point in the future.
12. Finally, it is proposed that the remaining other functions of the Audit & Risk team; insurance, and risk management and business continuity support, will transfer to the Improvement & Organisational Development team within the Strategic Support service.

## CABINET - 19TH SEPTEMBER 2019

### Report of the Director of Corporate Services Lead Member: Councillor Barkley

#### Part A

#### ITEM 12 INVESTMENT STRATEGY

##### Purpose of Report

This report proposes an investment strategy that the Council would adopt for the remainder of financial year 2019/20 and the financial year 2020/21.

If adopted, the Investment Strategy would be incorporated within the overarching annual Capital Strategy, the first version of which was prepared and approved by a meeting of full Council on 25 February 2019.

As part of the budgetary and policy framework, adoption of this strategy will require approval by Council.

##### Recommendation

That it is recommended to Council that the proposals set out at Appendix B of this report are adopted and incorporated into the extant Capital Strategy.

##### Reason

To provide additional clarity to the extant Capital Strategy and enable the Council to increase the range of its investment activities.

##### Policy Justification and Previous Decisions

This decision supports the overall objective of delivering better services, by enabling the Council to make better use of its assets.

The overarching Capital Strategy, in which these investment strategy proposals would be incorporated, was approved by Council on 25 February 2019 (minute reference 77.2).

##### Implementation Timetable including Future Decisions and Scrutiny

The investment strategy will become extant once (and if) approved by Council. The next appropriate meeting of full Council would be 4 November 2019.

It is envisaged that this document will be scrutinised by the Corporate Services Scrutiny Committee at its meeting of 17 September 2019 and by the Scrutiny Commission should they select this report for Scrutiny.



## Report Implications

The following implications have been identified for this report.

### *Financial Implications*

Whilst approval of the Investment Strategy would enable the Council to undertake significant investment activity, this report does not of itself commit the Council to any financial transactions.

There are therefore no direct financial implications.

### *Risk Management*

All significant investments enabled by this proposed strategy would be the subject of a separate Cabinet decision. There are therefore no direct risks associated with this report.

Key Decision:	Yes (reserved to Council)
Background Papers:	Capital Strategy – report to Council of 25 February 2019
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## Part B – INVESTMENT STRATEGY

### Background

#### *Previous reports on this topic*

1. The Council is now required to prepare an annual Capital Strategy. The first of these was prepared and approved by a meeting of full Council on 25 February 2019, to take effect from 1 April 2019<sup>1</sup>.
2. This version of the strategy discussed Commercial Investment in broad terms and noted (Section 4) that a further report with firmer proposals would be brought forward subsequently; those proposals are contained within this report.

#### *Scope of this report*

3. This report covers treasury management and non-core activities undertaken primarily or partially to generate income and support the delivery of a balanced budget. Reference within the report is made to Housing Revenue Account activities but the focus of the report is on the General Fund, and the potential impact of commercial activities in the General Fund budget.
4. This report sets out:
  - The Council's existing custom and practice in respect of investment activities
  - Possible options available to the Council should a more proactive investment approach be deemed appropriate
  - Alternatives to investment – paying off existing loans and liabilities
  - Proposed investment strategy for the remainder of financial year 2019/20 and financial year 2020/21
  - Assumptions arising from the proposed investment strategy used for the construction of the Medium Term Financial Strategy 2020-2023 and the next iterations of the budget and capital plan.

### Existing custom and practice

5. Historically, the Council's approach to investment of all types can be described as low-risk, or generally risk averse.
6. Since April 2018 the Council has had, at any point in time, between £36m and £60m invested in short term financial instruments, in accordance with its

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<sup>1</sup> See <https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CId=138&Mid=228>

Treasury Management Strategy<sup>2</sup>. Much of this money does not actually belong to the Council; some, for example, is the share of council tax collections due to be paid over to the major preceptors, but it is apparent that this level of cash holding represents significant revenue generating opportunities. The precise mix and quantum of investment balances varies with the Council's cash flow, but generally the bulk of investment is in short or very short-term money market instruments with a smaller proportion invested in the form of loans to other local authorities for longer periods of up to two years. This approach to investment is prudent, both in terms of counter party risk, and liquidity (the ability to access investments and convert them to cash), but with a corresponding restriction on investment returns.

7. Recognising that investment returns from short term investment were low, the Council took the decision to invest up to £5m in Property Funds. Two funds were selected (Lothbury and Hermes) and the investments were placed in 2018. These investments were envisaged as being for the long term and with a view to achieving returns significantly above those available on the money markets. To date this (relatively small) element of the Council's overall investment portfolio has performed in line with expectations.
8. At the snapshot date of 31 March 2019, the Council had investments of some £50m, distributed as follows:
  - 'Specified investments' of £39m – being short term and very short term financial instruments; interest rates payable on these deposits are typically well below 1%, reflecting current bank base rates
  - Loans in other local authorities, accounting for £6m of treasury investments at 31 March 2019, which typically generate returns in the order of 0.7% - 1.4%, which are again a reflection of base rates
  - Property Funds in which £5m has been invested across two funds for the longer term, which are currently achieving their target return of around 6%.

This activity generated income to the Council of £540,000 in 2018/19.

9. The Council also has a direct investment in properties in the Borough, comprising a portfolio of storage compounds, light industrial units and office accommodation which are let to business tenants at commercial rents. This is summarised at Appendix A. Occupation levels are generally good and overall the portfolio makes a positive return for the Council. However, the development of this portfolio has been somewhat piecemeal and can be attributed to historical or opportunistic factors rather than as being driven by an investment strategy.

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<sup>2</sup> See Capital Strategy, Council 25 February 2019

<http://intranet.charnwood.local/papers/council/20190225/Published%20Items/Cnl%2025%20February%202019%20Complite%20Agenda.pdf>

10. Notwithstanding recent diversification of investment, in totality this portfolio can be viewed as being low-risk.

*Existing approach to borrowing*

11. The Council has taken on a significant amount of debt required to refinance the Housing Revenue Account, some £80m, arising from the government decision to abolish housing subsidy arrangements, but within the General Fund the Council carries only minimal debt of £2m relating to a very old loan taken out in 1984 and the Council has not exercised its ability to borrow within the General Fund since this date. This has not been necessary, as usable capital receipts and revenue funding has been sufficient to finance the Council’s capital programme over this period.
12. Other local authorities have borrowed long-term money at low interest rates available from the Public Works Loan Board (recently around 3% depending on the term of the loan), to create property portfolio that generates a net return to the authority with an explicit purpose of providing financial support to the General Fund (thereby enabling a greater level of spending on services). This policy carries more risk than traditional investments in financial instruments but is designed to generate greater returns than would be available through the money markets. It is not a policy that the Council has followed to this point in time.

Options

13. There are a wide range of options that could be available to the Council if a more proactive approach to investment was considered. Most would require the Council accepting higher levels of risk in exchange for higher financial returns and/or facilitation of policy objectives (particularly those around regeneration or housing delivery). A range of these options – which in practice might be combined in hybrid arrangements - are outlined below:

1. *Do nothing (continue with existing approach)*

Continuing with the existing approach would be appropriate if the current investment portfolio, with its associated level of risk and return, is considered acceptable. However, opportunities to achieve higher levels of financial return or facilitate policy objectives may be missed. Generally, in an environment of financial scarcity continuation of the current approach may be viewed as unacceptably passive.

<i>Positive aspects</i>	<i>Negative aspects</i>
<ul style="list-style-type: none"> <li>+ Known (low) portfolio risk</li> <li>+ Acceptable level of financial return in relation to risk</li> <li>+ No implementation costs</li> </ul>	<ul style="list-style-type: none"> <li>- Opportunities to increase financial returns may be missed</li> <li>- Opportunities to facilitate other policy objectives are foregone</li> <li>- Generally passive</li> </ul>

## 2. *Review Treasury Management Strategy to target higher financial returns*

A relatively simple option would be to review the current protocols to target higher returns from the Council's treasury activities; recent initiatives along this line contributed to the Council generating £540,000 in 2018/19, versus £337,000 in the previous year. The extant Treasury Management Strategy does restrict the Council's actions to some extent, but the protocols embedded within this Strategy are partly self-imposed. Amendment of this Strategy could be implemented in line with the usual timetable and take effect from the 2020/21 financial year.

In practice adopting this Option would mean:

- Expanding the range of financial institutions with whom the Council would invest; at present the approved list is restricted to institutions with superior credit ratings
- Expanding the range of financial instruments within the Council would invest; for example, this could include investment in bonds with underlying assets in non-property assets such as renewable energy schemes, or portfolios of business loans through institutions such as Funding Circle
- Allowing investments to be placed for longer periods of time

In each case, this would mean accepting higher levels of risk and / or lower liquidity. The pros and cons of such an approach are tabulated below:

<i>Positive aspects</i>	<i>Negative aspects</i>
<ul style="list-style-type: none"><li>+ Higher financial returns achievable</li><li>+ Relatively easy to implement</li><li>+ Would use existing cash balances; no additional borrowing required</li></ul>	<ul style="list-style-type: none"><li>- Non-financial (policy) objectives are not addressed</li><li>- Would probably require professional support for implementation and monitoring of investment portfolio</li><li>- Higher risks have to be accepted</li></ul>

## 3. *Proactive investment in property assets*

Investment in property might be with the objective of:

- Maximising financial return
- Facilitation of policy objectives – such as delivery of affordable housing

At 31 March 2019 the Council had some £10.4m in usable capital receipts (funds available specifically for capital expenditure) and other revenue reserves that could be used to fund capital expenditure. Much of this funding is committed in the existing Capital Plan and it likely that any significant investment in property would need at least partial funding from new borrowing. However, it may be argued that given historically low interest rates and the Council's access to cheap

money via the Public Works Loan Board that a more aggressive capital programme with a specific objective to acquire assets with a view to making a financial return could be implemented.

Current practice is to create a three-year Capital Plan which is refreshed every two years; the next refresh is due for the 2020/21 financial year, which could incorporate a programme to acquire investment properties.

#### *Minimum Revenue Provision*

14. Minimum Revenue Provision (MRP) is the requirement of the Council to set aside cash sums to repay borrowing. The key features of MRP are:
  - MRP would result in a charge to the General Fund
  - Generally, the annual MRP charge would equate to the term of the underlying loan; so a 50 year loan would require an annual MRP charge of 2% - after 50 years the cash set aside would therefore cover the loan principal
  - The charge to the General Fund would be in addition to the annual interest charge
15. MRP may not apply in certain circumstances (often associated with borrowing to finance subsidiary companies) but in a simple case where a loan is taken out to finance a property asset, the combination of interest and MRP charges may offset the rental yield generated by that asset. Generally, where MRP does apply, the net yield achieved by local authorities through property acquisitions may only be in the order of 1% - 2%; the implications of this is that very significant investment may be required to make a material contribution to the General Fund.

#### *Borrowing in advance of need*

16. The Ministry for Housing Communities and Local Government (“MHCLG”) issued revised Investment Guidance (“the Guidance”) in February 2018 which made significant changes in the previous guidance in relation to borrowing in advance of need. It now states that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Where a local authority chooses to disregard the requirements of the CIPFA Prudential Code and the Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the authority should explain:
  - Why the local authority has decided not to have regard to the Guidance or to the Prudential Code in this instance
  - The local authority’s policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing

17. The related Informal Commentary to the Guidance states that this principle applies to both borrowing taken on to finance the acquisition of non-financial, as well as financial investments, so includes loans to third parties.
18. Traditionally, “borrowing in advance of need”, has been widely held to relate to instances where an authority identifies a borrowing need based on its projections of its Capital Financing Requirement (CFR) and opts to secure a preferential rate. Therefore, ability to borrow would be linked to the increasing CFR, demonstrating that borrowing has only been undertaken to support a capital purpose.
19. Overall, the Guidance and Informal Commentary would create a confusing picture around borrowing and what constitutes ‘investment’.
20. Generally, local authorities continue to borrow for investment purposes (so it is clearly a viable course of action) but prior to undertaking borrowing for investment the Council will take professional advice in order that the Council can satisfy itself it has the appropriate legal and constitutional powers to support the proposed loan.

*Non-financial objectives*

21. In addition to generating financial returns, the Council could also attach other objectives to investment, by, for example, requiring that the investment be in property assets within the Borough, thereby supporting the Corporate Plan objective of creating a ‘strong and lasting economy’. Further, the investment strategy could accept a lower than generally achievable rate of return if specific policy objectives, such as support for new businesses, were satisfied.

<i>Positive aspects</i>	<i>Negative aspects</i>
<ul style="list-style-type: none"> <li>+ Higher financial returns achievable</li> <li>+ Conceptually straightforward; risks and rewards should be knowable, if not known</li> <li>+ Non-financial (policy) objectives could be addressed</li> </ul>	<ul style="list-style-type: none"> <li>- Would require professional support for implementation and possible also monitoring of property portfolio</li> <li>- Higher risks have to be accepted</li> <li>- Likely to require some level of General Fund borrowing</li> </ul>

*4. Investment in economic infrastructure and regeneration*

More complicated schemes could involve the Council acquiring land and buildings with a view to redevelopment, or financing infrastructure in the Borough such as roads or power supply. Such schemes are likely to require significant investment, would therefore create a need to borrow, and may also feature:

- Multiple funding sources from government, partner organisations, ‘s106 contributions’ levied through the planning process, or business rate generation facilitated through the infrastructure created

- Delivery involvement from joint venture partners
- The creation of ‘Special Purpose Vehicles’ – corporate arrangements, such as limited companies – set up to channel funding and provide governance on complex projects

Cabinet has already approved the creation of a Housing Development Company (December 2018<sup>3</sup>) in principle which, when operating, is likely to be an example of this type of investment. The high-level pros and cons of such an investment are set out below.

<i>Positive aspects</i>	<i>Negative aspects</i>
<ul style="list-style-type: none"> <li>+ Higher financial returns could be possible</li> <li>+ Complexity likely to increase cost and risk</li> <li>+ Non-financial (policy) objectives can be addressed as a matter of priority</li> <li>+ More opportunities for returns to be enhanced by avoiding MRP, and generally via ‘financial engineering’ of the arrangement</li> </ul>	<ul style="list-style-type: none"> <li>- Would require professional support for implementation and possible also monitoring of property portfolio</li> <li>- Complexity is likely to increase implementation time</li> <li>- Higher risks have to be accepted</li> <li>- Likely to require some level of General Fund borrowing (an HDC would probably not be necessary if housing was developed through the HRA)</li> </ul>

## 5. *Other complex transactions*

Examples of complex transactions could be:

- Providing loans to partners at rates in excess of the Council’s cost of borrowing
- ‘Income-strip’ type arrangements where the Council guarantees the future income streams of third-party investors generated by an asset in exchange for a fee and / or future rights over that asset

In the former case, the Council would take advantage of access to low interest rate loans, and provide finance to bring forward delivery of a project (usually fulfilling other policy objectives) in exchange for a ‘turn’ on interest rates (ie. the Council would offer a loan to a third party at rates above those at which it could borrow<sup>4</sup>).

In income-strip type arrangements the Council need not necessarily be an investor in a project but instead provides a covenant guaranteeing future income to investors (typically Pension Funds) who will accept lower returns from investment providing those returns are virtually certain. An example of the latter

<sup>3</sup> See <https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=175&Ver=4>

<sup>4</sup> This mechanism could be used, for example, to create revenue out of a loan to a SPV or Council trading company



type of transaction is that of 'Wirral Waters One', an income-strip arrangement being brought forward by Wirral Council<sup>5</sup>. In this transaction Wirral agree to guarantee a minimum level of housing rental income to Aviva in years 11 to 50 of the fifty-year agreement. At the end of this period Wirral have the option to take a peppercorn lease over the majority of housing units for a further 200 years.

As can be evidenced by the Wirral case study, this type of transaction may be very long term in nature and contain risks that are both long term and difficult to quantify. Income-strip schemes provide viable solutions for bringing forward development but must be handled with great care.

<i>Positive aspects</i>	<i>Negative aspects</i>
<ul style="list-style-type: none"> <li>+ Otherwise very difficult (financially) projects can be delivered</li> <li>+ Higher financial returns could be possible</li> <li>+ Complexity likely to increase cost and risk</li> <li>+ Non-financial (policy) objectives can be addressed as a matter of priority</li> <li>+ More opportunities for returns to be enhanced by avoiding MRP, and generally via 'financial engineering' of the arrangement</li> </ul>	<ul style="list-style-type: none"> <li>- Would require professional support for implementation</li> <li>- Transactions may be very complex</li> <li>- Associated professional fees may be significant – and may have to be written off if project not ultimately viable</li> <li>- Complexity is likely to increase implementation time</li> <li>- Higher risks have to be accepted and these may be in the very long term</li> <li>- Some level of General Fund borrowing may be necessary</li> </ul>

## *6 Investment in social housing through the Housing Revenue Account*

The Council already has a £2.8m programme of investment within the Capital Plan to acquire properties and increase the Council's social housing stock. Some additional borrowing headroom could be identified within the Housing Revenue Account (HRA) to accelerate this process if such a policy were pursued. Investment within the HRA however, has no impact on the General Fund budget and could not be a contributor to the overall financial sustainability of the Council.

### Alternatives to investment – paying down existing debt

22. Paying down existing debt may in theory provide a superior financial returns to available investment opportunities. Two possibilities are open to the Council:

#### *Early repayment of £2m loan within the General Fund*

23. This loan was taken out in 1984 at what now appears a punitive interest rate of 11.625%. Given the disparity between prevailing interest rates and that payable

<sup>5</sup> <https://democracy.wirral.gov.uk/documents/g7390/Public%20reports%20pack%2001st-Oct-2018%2010.00%20Cabinet.pdf?T=10>

on the loan the Council has periodically requested early repayment terms. Unfortunately the terms have been such that early repayment has not represented value for money; the loan is now approaching the end of its term (which will be in 2024) and it is envisaged that it will now run its course.

*Reduction in pension liability*

24. The Council’s liability for pension commitments, calculated by the Local Government Pension Scheme (LGPS) actuaries and reflecting the difference between scheme assets and obligations to members stood at £78m at 31 March 2019. In practice the Council will not suddenly need to repay this amount, but it will need to increase its employer contributions over time, such that the scheme deficit is reduced. The current employer pension contribution is around 30%, and given the existing situation, is set for a ‘smooth’ increase over the medium term<sup>6</sup>. One option available to the Council is to pay a lump sum into the LGPS which would minimise or reverse employer contribution increases.
25. At the point of drafting this report figures for the Council are not available given the current actuarial LGPS revaluation exercise; however, calculations will be available in the autumn which would enable the Council to assess this alternative.

<i>Positive aspects</i>	<i>Negative aspects</i>
+ Very low risk	<ul style="list-style-type: none"> <li>- Returns may be limited</li> <li>- Impact of repayment may not be visible</li> <li>- Opportunities to facilitate other policy objectives are foregone</li> </ul>

26. Should a reduction in pension fund liabilities appear attractive a report will be brought to Cabinet for consideration.

Proposed investment strategy for the remainder of financial year 2019/20 and financial year 2020/21

27. The proposals set out below are designed to comply with the Statutory Guidance on Local Government Investments (‘the Guidance’), effective from 1 April 2018.

**A. Specified investments and loans to other local authorities**

28. The Guidance defines in detail what criteria an investment would meet to be categorised as ‘specified’ but essentially this would include investments falling within the Council’s treasury management activities, the management of which is governed according to the Council’s Treasury Management Strategy Statement (TMSS), which in turn is in accordance with the guidance.

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<sup>6</sup> The LGPS trustees allow gradual, or smoothed, contribution increases for local authority members to avoid significant and adverse changes in contribution rates in the short term

29. One of the criteria of specified investments is that the local authority has a contractual right to repayment within 12 months. Certain loans to other local authorities made by the Council have a term of up to two years, so do not fall strictly within the definition. However, management of this type of financial instrument falls within the TMSS.
30. It is essentially a legal requirement that the Council manages treasury operations in line with the TMSS so this is and will remain a Council policy. The Council is required to review the TMSS on an annual basis.

#### **PROPOSAL – REVIEW OF TREASURY MANAGEMENT STRATEGY**

From a strategic perspective it is proposed that the TMSS be reviewed in conjunction with our professional advisers with a view to relaxing the existing investment criteria in a judicious manner, accepting additional risk and with a view to achieving additional returns. This would be undertaken for financial year 2020/21 and incorporated in the revised TMSS for this year.

31. Interest rates are at historically low levels and are expected to remain so for several months ahead. Based on an average fund under management of £50m, and an increase in return by an average of 0.1%, this would generate additional income of £50,000 per annum.

#### **B. Loans**

32. The Guidance states that a local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for economic growth. This course of action is appropriate providing:
  - Total financial exposure to this type of loan is proportionate
  - An allowed ‘expected credit loss’ model for assessing credit risk is adopted<sup>7</sup>
  - Appropriate credit control arrangements to cover overdue payments are in place
  - The local authority has formally agreed the total level of loans by type that it is willing to make, and the total loan book is within that self-assessed limit

#### **PROPOSALS**

##### *Loan to third parties*

33. The Council will not proactively seek to market loans to third parties but will consider offering loans to local enterprises, local charities, on a case by case basis, as and when approached.

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<sup>7</sup> As defined within International Financial Reporting Standard 9 – in broad terms the likelihood of a creditor defaulting in future must be considered in accounting for impairment (compared to previous Standards in which accounting was based on actually incurred losses)

No money will be set aside within the forthcoming Capital Plan.

Should an opportunity to offer a loan to a third party arise reports will be taken to Cabinet, and Council if required, to seek specific approval for that transaction.

All prospective debtor organisations will be either be located, or will have substantial operations, within the Borough.

Any asset created through the loan will be located within the Borough.

The purpose of the loan will support local economic growth as defined within the extant Corporate Plan.

The maximum total loan book the Council would manage will be £10m.

The maximum single loan to an individual organisation will be:

- Secured loan                      £5m
- Unsecured loan                      £2m

The maximum total value of unsecured loans will be £4m.

Loans will be offered on a commercial basis with rates offered dependent on risk; unsecured loans will attract higher interest rates. Rates offered will be in accordance with independent professional advice

Due diligence will be carried out on prospective debtor organisations.

34. Generally, independent professional advice will be taken to ensure that the structure of loan finance offered, and the risk and return associated with that structure is appropriate.

*Loans to joint venture and wholly owned subsidiary companies*

35. The Council has already stated it intends to set up a Housing Development Company (HDC)<sup>8</sup>. Detailed proposals for the corporate structure of the HDC or specific site development are not yet available but to reiterate that statement of intent it is proposed as follows:

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<sup>8</sup> See: [http://intranet.charnwood.local/papers/cabinet/20181213/Published%20Items/Cab%2013%20December%202018%20Agenda%20Pack%20\(modern.gov\).pdf](http://intranet.charnwood.local/papers/cabinet/20181213/Published%20Items/Cab%2013%20December%202018%20Agenda%20Pack%20(modern.gov).pdf)

An amount of £10m to fund the HDC will be allocated within the forthcoming Capital Plan.

This funding *may* be in the form of a loan to the HDC, upon which interest and subsequent repayment of principal will be due to the Council.

Pro tem it will be assumed that this funding is phased £5m in 2021/22 and £5m in 2022/23.

It is assumed that this funding be financed through Council borrowing, as and when investment is required.

*At minimum*, interest and principal repayments will cover all of the Council's borrowing costs, in cases where the subsidiary company is wholly owned by the Council.

At minimum interest and principal repayments will cover all of the Council's borrowing costs, plus a margin of in cases where a subsidiary company or joint venture is only partially owned by the Council. This margin will be assessed on a case by case basis and set to ensure both compliance with State Aid rules and an appropriate representation of underlying loan risks and collateral.

Professional advice will be taken to ensure:

- The loans are structured in the most advantageous way, having regard to risk, prospective returns, and tax implications
- MRP can be avoided or mitigated through the loan structure

Appropriate due diligence will be carried out on prospective partner organisations.

36. Given that no concrete proposals are yet in place, no impact is assumed on the Council's finances for the purposes of the MTFs projections.

**C. *Non-financial and ad-hoc investments***

37. This category could include investment in, for example:

- Investment properties
- Wholly owned companies and joint ventures
- Wider scale and more ambitious regeneration projects
- Ad-hoc complex investments

38. The Guidance describes non-financial investment as being in non-financial assets held primarily or partially to generate a profit. Usually it will be expected that the underlying asset could be 'realised' to recoup the capital invested.

39. In terms of reporting it will be necessary to state whether:

- The fair value of non-financial investments is sufficient to provide security against losses, and that the underlying assets provide adequate security for the originating capital investment

- Where the fair value is insufficient detail of mitigating actions should be provided to protect the capital invested
- Additionally, where the fair value assessment recognises a loss in the non-financial investment the subsequent Capital Strategy will need to reflect the impact of loss of security and the associated revenue consequences

40. Fair value accounting in this context is covered by International Financial Reporting Standard 9, as modified by a five-year statutory override applicable to local authorities (covering financial years from 2018/19). The implication of the override is that if a local authority recognises a loss on investment then this will not impact on the general fund, or, therefore, on an authority's ability to set its budget. However, the override is (currently) time limited and a major downturn in the value of specific assets, or the property market generally, represents a clear risk in future financial periods.

### *Investment properties*

#### **PROPOSAL – INVESTMENT IN COMMERCIAL PROPERTY**

An amount of £10m to expand the Council's commercial property portfolio will be added to the forthcoming capital plan.

A maximum of £5m will be invested in any single property.

The minimum gross yield acceptable will be based on extant commercial yields and informed by professional advice:

- Default minimum yield would be in line with benchmark commercial property yields (currently around 7%)
- Where additional policy objectives are also satisfied a yield equating to the default amount, less 2% would be acceptable (ie. 5% in current market conditions)

All property acquisitions will be located within the Borough.

Reserves will be created out of rental income to allow for the impact of:

- MRP requirements
- Allowance for void rental periods and landlord repair obligations

After creation of reserves, and taking account of actual or notional<sup>9</sup> borrowing costs, the minimum net yield expected on individual acquisitions will be 1.6% (based on current market conditions, representing a 1% uplift on the return on the specified investment portfolio).

Appropriate independent professional advice will be sought for each property acquisition.

All acquisitions will be subject to separate evaluation and approval by Cabinet.

Pro tem it will be assumed that this funding is phased £5m in 2021/22 and £5m in 2022/23.

41. For the purposes of MTFs projections it is assumed that:

<sup>9</sup> In evaluating prospective acquisitions it will be assumed that borrowing costs will be incurred (whether or not borrowing is required); this is to allow like for like evaluation of acquisitions independent of financing.

- £5m will be invested in 2021/22
- A further £5 will be invested in 2022/23
- Average net yield, as set out above, will be 1.5%; this equates to a contribution to the general fund of £75,000 in 2021/22 and £150,000 in 2022/23

*Investment in wholly owned companies and joint ventures*

42. Should circumstances suggest, it may be appropriate to invest directly in the equity of a Housing Development Company, rather than in the form of a loan, as described above. The basis of investment will be equivalent, as described below.

**PROPOSAL – INVESTMENT IN HOUSING DEVELOPMENT COMPANY**

An amount of £10m to fund the HDC will be allocated within the forthcoming Capital Plan.

This funding *may* be in the form of an equity investment in the HDC, upon which dividends or and / or management fees will be due to the Council.

Pro tem it will be assumed that this funding is phased £5m in 2021/22 and £5m in 2022/23.

It is assumed that this funding be financed through Council borrowing, as and when investment is required.

*At minimum*, dividends and management fees will cover all of the Council's borrowing costs, in cases where the subsidiary company is wholly owned by the Council.

At minimum dividends and management fees will cover all of the Council's borrowing costs, plus a margin of in cases where a subsidiary company or joint venture is only partially owned by the Council.

Professional advice will be taken to ensure:

- The loans are structured in the most advantageous way, having regard to risk, prospective returns, and tax implications
- MRP can be avoided or mitigated through the loan structure

Appropriate due diligence will be carried out on prospective partner organisations.

43. In total, the maximum investment in a HDC, whether by loan or equity investment, will be an amount of £10m.

*Other non-financial and ad-hoc investments*

44. Investment in other types of asset, or in larger and more complex arrangements, is not considered within this iteration of the Commercial Investment strategy. In practice, should opportunities arise, the Commercial Investment and Capital Strategies could be amended, subject to the approval of full Council, to allow emerging opportunities to be exploited. It can also be assumed that any significant investment would be subject to the specific approval by Cabinet.
45. For clarity, the above proposals are summarised at Appendix B.

### MTFS / budget assumptions

46. Based on the above proposals, the impact on the Councils general fund budget in future years is projected as follows:

*Projected contributions to the general fund*

<b>PROPOSAL</b>	<i>2020/21 £000</i>	<i>2021/22 £000</i>	<i>2022/23 £000</i>
Review of TMSS	50	50	50
Investment in commercial properties	0	75	150
<b>TOTAL ASSUMED</b>	<b>50</b>	<b>125</b>	<b>200</b>

47. Investment in the Housing Development Company may be undertaken on a 'break-even' basis hence no positive contribution is assumed.

48. Other investment would occur on an opportunistic basis; hence again, no positive contribution is assumed.

### Appendices

Appendix A – Summary of the Council's current commercial property portfolio

Appendix B – Summary of specific Commercial Investment proposals



## APPENDIX A – REVIEW OF PRINCIPAL COMMERCIAL PROPERTY PORTFOLIO

(All numbers £000 unless stated, derived from 2019/20 original budget)

### Woodgate Chambers (budget M825)

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
81.6	28.8	5.0	15.4	49.2	32.4	646.3	5.0%
		Based on 5% salary cost of Facilities Manager and Building Surveyor  <b>Other indirect overheads, such as finance, legal, etc, are ignored within these calculations</b>	Finance charge equivalent to depreciation			Value per Wilks Head & Eve, 2019 (This is below the c.£1+m cost of this asset)	Based on the cost of the asset, yield would be c.3%

**Chainbridge Industrial Estate (budget P105)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
130.2	3.4	3.0	15.1	21.5	108.7	1,207.1	9.0%
		Based on 5% salary cost of Facilities Manager				Value per Wilks Head & Eve, 2019	

**Meadow Lane Industrial Site (budget P125)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
168.3	11.1	5.0	16.7	32.8	135.5	1,325.1	10.2%
		Based on 5% salary cost of Facilities Manager and Building Surveyor				Value per Wilks Head & Eve, 2019	

**Ark Business Centre (budget P135)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
77.6	50.9	39.4	5.4	95.7	(18.1)	446.4	Negative
		Based 5% share of FM and BS (as above), plus direct staffing of reception				Value per Wilks Head & Eve, 2019	NOTED AS REQUIRING ATTENTION AS PART OF COMMERCIALIS'N AGENDA

**Oak Business Centre (budget P136)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
189.7	75.7	39.4	15.2	130.3	59.4	1,217.0	4.9%
		Based 5% share of FM and BS (as above), plus direct staffing of reception				Value per Wilks Head & Eve, 2019	

**Messenger Close (budget P115)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
43.8	0	3.0	1.8	4.8	39.0	441.6	8.8%
	Newly created compounds – no maintenance budget early years	Based on 5% salary cost of Facilities Manager				(£380k land + ~ £130k site development costs incurred) Value per Wilks Head & Eve, 2019	Based on original land value + development costs yield would be ~ 7%

**Town Hall Chambers (part budget M835)**

INCOME	Direct costs	Directly attributable recharges	Capital financing	TOTAL COSTS	NET SURPLUS / (DEFICIT)	LATEST VALUATION	CALCULATED YIELD
23	0	3.0	2.1	5.1	17.9	None available	N/A
	Full tenant repairing lease	Based on 5% salary cost of Facilities Manager	Apportionment – third of £6.4k				Building is unlikely to be valued in excess of £250k – yield therefore exceeds 7%

### **Other properties of note**

- Southfields offices – not principally held as a commercial property but generates £198k p.a through hosting partner organisations (LCC, DWP)
- Limehurst Depot – vacant brownfield site; work ongoing to overcome planning constraints and develop this site

**APPENDIX B – SUMMARY OF SPECIFIC COMMERCIAL INVESTMENT PROPOSALS**

Proposals for prospective adoption within the Capital Strategy are as follows:

**PROPOSAL – REVIEW OF TREASURY MANAGEMENT STRATEGY**

From a strategic perspective it is proposed that the TMSS be reviewed in conjunction with our professional advisers with a view to relaxing the existing investment criteria in a judicious manner, accepting additional risk and with a view to achieving additional returns. This would be undertaken for financial year 2020/21 and incorporated in the revised TMSS for this year.

**PROPOSALS IN RESPECT OF LOANS**

*Loan to third parties*

The Council will not proactively seek to market loans to third parties but will consider offering loans to local enterprises, local charities, on a case by case basis, as and when approached.

No money will be set aside within the forthcoming Capital Plan.

Should an opportunity to offer a loan to a third party arise reports will be taken to Cabinet, and Council if required, to seek specific approval for that transaction.

All prospective debtor organisations will be either be located, or will have substantial operations, within the Borough.

Any asset created through the loan will be located within the Borough.

The purpose of the loan will support local economic growth as defined within the extant Corporate Plan.

The maximum total loan book the Council would manage will be £10m.

The maximum single loan to an individual organisation will be:

- Secured loan                      £5m
- Unsecured loan                      £2m

The maximum total value of unsecured loans will be £4m.

Loans will be offered on a commercial basis with rates offered dependent on risk; unsecured loans will attract higher interest rates. The rates offered will be assessed on a case by case basis and set to ensure both compliance with State Aid rules and an appropriate representation of underlying loan risks and collateral.

Due diligence will be carried out on prospective debtor organisations.

## *Loans to joint venture and wholly owned subsidiary companies (Housing Development Company)*

An amount of £10m to fund the HDC will be allocated within the forthcoming Capital Plan.

This funding *may* be in the form of a loan to the HDC, upon which interest and subsequent repayment of principal will be due to the Council.

*£10m will be the maximum amount of investment and will cover potential loans and equity investment*

Pro tem it will be assumed that this funding is phased £5m in 2021/22 and £5m in 2022/23.

It is assumed that this funding be financed through Council borrowing, as and when investment is required.

At minimum interest and principal repayments will cover all of the Council's borrowing costs, plus a margin. This margin will be assessed on a case by case basis and set to ensure both compliance with State Aid rules and an appropriate representation of underlying loan risks and collateral.

Professional advice will be taken to ensure:

- The loans are structured in the most advantageous way, having regard to risk, prospective returns, and tax implications
- MRP can be avoided or mitigated through the loan structure

Appropriate due diligence will be carried out on prospective partner organisations.

## **PROPOSAL – INVESTMENT IN COMMERCIAL PROPERTY**

An amount of £10m to expand the Council's commercial property portfolio will be added to the forthcoming capital plan.

A maximum of £5m will be invested in any single property.

The minimum gross yield acceptable will be based on extant commercial yields and informed by professional advice:

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- MRP requirements
- Allowance for void rental periods and landlord repair obligations

After creation of reserves, and taking account of actual or notional borrowing costs, the minimum net yield expected on individual acquisitions will be 1.6% (based on current market conditions, representing a 1% uplift on the return on the specified investment portfolio).

Appropriate independent professional advice will be sought for each property acquisition.

All acquisitions will be subject to separate evaluation and approval by Cabinet.

## PROPOSAL – INVESTMENT IN HOUSING DEVELOPMENT COMPANY

An amount of £10m to fund the HDC will be allocated within the forthcoming Capital Plan.

*£10m will be the maximum amount of investment and will cover potential loans and equity investment.*

This funding *may* be in the form of an equity investment in the HDC, upon which dividends or and / or management fees will be due to the Council.

Pro tem it will be assumed that this funding is phased £5m in 2021/22 and £5m in 2022/23.

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At minimum dividends and management fees will cover all of the Council's borrowing costs, plus a margin of in cases where a subsidiary company or joint venture is only partially owned by the Council.

Professional advice will be taken to ensure:

- The loans are structured in the most advantageous way, having regard to risk, prospective returns, and tax implications
- MRP can be avoided or mitigated through the loan structure

Appropriate due diligence will be carried out on prospective partner organisations.



## CABINET – 19TH SEPTEMBER 2019

### Report of the Strategic Director of Corporate Services Lead Member: Councillor Barkley

#### Part A

#### ITEM 13 DRAFT MEDIUM TERM FINANCIAL STRATEGY 2020 – 2023

##### Purpose of Report

To bring forward the Draft Medium Term Financial Strategy for consideration by Cabinet and scrutiny panels.

##### Recommendation

That the Draft Medium Term Financial Strategy, attached as an Appendix, be approved for consultation generally and for the purposes of scrutiny by the Budget Scrutiny Panel.

##### Reason

To identify the financial issues affecting the Council and the Borough in the medium term in order to inform the Council's budget setting process.

##### Policy Justification and Previous Decisions

The Medium Term Financial Strategy (MTFS) is reviewed annually and is the key document for medium term financial planning within the authority. It is one of the Council's core strategies and helps the Council identify its priorities and set targets for what we plan to achieve.

##### Implementation Timetable including Future Decisions and Scrutiny

It is envisaged that this Draft Strategy will be scrutinised and an amended version be brought back to Cabinet on 14 November 2019 for recommendation to Council.

##### Report Implications

The following implications have been identified for this report.

##### *Financial Implications*

There are no direct financial implications arising from this report.

##### *Risk Management*

There are no direct risks associated with the decision Cabinet is asked to make in respect of this report.

Key Decision: No

Background Papers: None

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## **Part B**

### Background

1. This Medium Term Financial Strategy (MTFS) considers the financial outlook for Charnwood Borough Council for the three financial years 2020/21, 2021/22 and 2022/23. This document, attached as an appendix to this report, is self-contained and includes an executive summary and introduction in its early sections to assist readers.
2. It should be stressed that the MTFS presented is a draft prepared in August 2019. In addition to reflecting feedback from the Budget Scrutiny Panel it is anticipated that the final version of the MTFS will be updated in the light of additional information as it becomes available through the autumn.

### Appendix

Charnwood Borough Council Draft Medium Term Financial Strategy 2020 - 2023



**Charnwood Borough Council  
Medium Term Financial Strategy  
2020 – 2023**

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## 1. Foreword

As is traditional here at Charnwood, autumn is the time when we take a hard look at the Council's current financial position and future funding prospects, and start to consider our approach to the forthcoming budget round. This exercise is summarised in the annual Medium Term Financial Strategy that seeks to identify the opportunities, uncertainties and challenges facing the Council in the next few years.



Robust financial planning is necessary in order that we can continue deliver services to residents consistently and sustainably for the longer term. Whilst I have in the past commented on the uncertainties facing the Council and the challenges this creates in constructing a financial plan, I have to say that this year is probably the most difficult I have experienced in this regard.

The backdrop to all political and economic forecasting at present is Brexit, and the manner in which the UK will leave the European Union, has still to be resolved at the time of writing. Whatever the outcome of Brexit, both immediately and in the longer term, the impact will be profound across a wide range of political, economic and social matters. Local government will inevitably be affected with implications for both funding and services.

Of fundamental importance to local government is the outcome of the Fair Funding review, which was due this autumn; however, it is now all but certain that the process will be delayed into 2020, leaving us with only a very limited amount of information on which to base our planning assumptions.

More positively, the Council remains in a sound financial position with good levels of financial reserves. We have a history of prudent financial management and our expenditure remains under control. So, whilst prospects for our finances appear ever more uncertain, our past record and current situation allow us to be optimistic about our ability to deal with whatever the future holds.

As always, there are a range of potential outcomes that could occur in the period and many of the assumptions and projections within this draft version of the Strategy are arguable. I therefore look forward to receiving feedback and comments on the numbers presented which will help us develop a final version of this document and inform the budgetary process for the 2020/21 financial year.

Councillor Tom Barkley  
Cabinet Lead Member for Finance  
August 2019

## 2. Executive summary

This Medium Term Financial Strategy considers the financial outlook for Charnwood Borough Council ('Charnwood', or the 'Council') for the three financial years 2020/21, 2021/22 and 2022/23. The document's focus is on the 'General Fund'; certain aspects of the Housing Revenue Account are also discussed but the outlook for this is dealt with separately within the 30 year Housing Revenue Account business plan.

At the core of this document are the financial projections for these three years which show the funding challenges during this period. The numbers set out the challenge in the following elements:

1. The core financial projections based on *known* changes to funding streams and the cost base *and* assuming no management action is taken to otherwise mitigate funding shortfalls
2. Material budgetary risks identified which have a non-trivial probability of arising
3. Indicative projections of the impact of Council efficiency and transformation projects and initiatives that aim to bridge the actual or perceived funding gaps
4. Funding shortfalls for which other efficiency and transformation will be required, or where reserves will be required to balance the budget

In summary the financial projections show:

- 2020/21 will see £1.1m use of reserves assuming that £0.5m of transformation and efficiency savings can be delivered.
- 2021/22 will see a £0.8m use of reserves assuming that £0.7m of transformation and efficiency savings can be delivered.
- 2022/23 will see a further £0.7m use of reserves assuming that £0.9m of transformation and efficiency savings can be delivered.

Over the three year MTFS period this would imply a use of reserves of £2.8m.

This use of reserves is possible given existing reserve balances, but at the end of the three year period the Council would still not be operating sustainably under these projections. The projections also carry significant risks including the Council's ability to deliver against mooted savings arising from transformation and efficiency initiatives, some of which are non-specific or otherwise speculative. The largest risk element however, is around the outcome of the government's Fair Funding review which could result in a material reduction in funding from the 2021/22 financial year.

This version of the MTFS is a draft, and further refinement and clarification of the projections will be undertaken before the final version is issued in November 2019,

but it is unlikely that the financial landscape will be either clearer, in terms of future funding prospects, or that the picture presented will be significantly different.

### *Health warnings*

In this draft (September) version of the MTFs it has been necessary to use a greater level of estimation than will be required for the final version in November. The final calculations for the New Homes Bonus, in particular, cannot be undertaken until October, whilst other estimates and projections will be refined as further budget monitoring information becomes available.

The numbers presented come with a very significant health warning. Whilst prepared with all information available, the outcome of the government's Fair Funding review could result in a fundamental reset of the Council's funding base. This review will inform the future share of business rates that the Council is able to retain under the prospective new business rates retention scheme (likely for implementation from 2021/22) and, in particular, the future of the New Homes Bonus Scheme which currently generates around £4m per annum for the Council. Further discussion and scenario modelling of different scenarios for New Homes Bonus are set out in the body of this document but suffice to say, ***the financial projections for the latter years of the MTFs (2021/22 and 2022/23) therefore carry a significant downside risk.***

### *Other risks*

Beyond the fundamental funding uncertainty the projections above also contain other inherent risks, principally that the Council experiences unavoidable 'service pressures', or is unable to deliver the transformation and efficiency plan (or generate equivalent savings).

This is discussed in more detail in later sections of this Strategy.

### *Budgetary approach for 2020/21*

The Council has adequate levels of revenue reserves and there is no requirement to make any 'knee jerk' decision involving immediate cuts to services. Recent financial history has seen the Council build and then maintain reserve levels within the general fund<sup>1</sup>, despite the background of austerity and the well-publicised financial problems experienced by some local authorities.

As discussed in more detail later in the body of this Strategy, it is difficult to make the case that the relatively benign conditions currently experienced will continue, but it is reasonable to conclude that the Council has the resources to adapt our service offering to reflect a more difficult financial landscape. This will require proactive planning and effective implementation of these plans.

The budgetary approach proposed is therefore that budgetary targets will be set, informed by the MTFs, that will require the total cost of services to be constrained within an overall affordability envelope. In order to budget within the constraints - to

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<sup>1</sup> This is actually a common scenario amongst District Councils



deliver higher levels of income, in line with the Council's commercialisation agenda, or create service efficiencies, via the Transformation Programme - 'spend to save' resources will be made available from the Council's Reinvestment Reserve to help address the budget challenges.

### 3. Introduction

The Medium Term Financial Strategy (MTFS) takes a forward look at the political, economic and regulatory environment facing the Council and uses these to create a high level financial model of future potential revenues and costs.

This model is used to identify potentially significant funding surpluses or shortfalls that may arise in the medium term, and to inform the Council's budget setting process. It takes into account existing expenditure patterns together with identified and material cost pressures. The model also incorporates projected savings and efficiencies from the implementation of existing strategies, policies and projects, and considers significant budgetary risk identifiable from current budgetary monitoring to attempt a holistic view of the Council's future financial position.

In order to balance the desire to take a long term view of the Council's financial future, and the limits on our ability to create meaningful forecasts over such a period, the MTFS has been developed to cover three years, from 1 April 2020 to 31 March 2023.

The purpose of this document can be summarised as follows:

- Outline the principal factors that will influence the availability of the Council's financial resources in the medium term
- Inform and define the medium term service delivery plans of the Council in financial terms
- Inform the budget setting process for the 2020/21 financial year
- Provide the financial basis for the Council to decide its corporate priorities for future years.

This is a high level strategic document which summarises plans over the medium term as they currently stand, based upon current information, projections and assumptions. As additional updated information becomes available these plans will be subject to change and a comparison of the previous MTFS to this document will reflect such changes. In this document a certain amount of detailed budgetary information is presented but this should be regarded as indicative and illustrative. Whilst this document will inform the 2020/21 budget setting process, some of the figures quoted here will be amended and refined as more information comes to light and the 2020/21 budgets are developed.

***It is worth reiterating what this Strategy is not***, it is ***not*** the actual budget (which has to be approved by the full Council) and no assumption, analysis or projection should be construed as any decision which would constrain the Council's budget setting process.

### *Scope of the MTFS*

This strategy document concentrates on the General Fund, which deals with non-housing revenue items and derives its income from charges, government grants, council tax and business rates. The Housing Revenue Account (HRA) has its own business plan and both General Fund and HRA capital expenditure are subject to a three year programme which is reviewed separately from revenue items. However, the impact of capital investment and the HRA on the General Fund is considered as part of this strategy. In particular, the MTFS reflects the impact of the Council's Capital Strategy, which itself incorporates both the Treasury Management Strategy and the new Commercial Investment Strategy.

The Council's finances are actively managed on an ongoing basis and the adoption of this strategy will require executive decisions to carry out any significant actions identified.

#### **4. Political, economic and regulatory outlook**

In assessing prospects for the Council's finances it is necessary to consider how the wider political and macro-economic factors feed through into the availability of funding for the public sector, what proportion of this will be allocated to local government, and within this allocation – eventually informed by the Fair Funding review – what the funding settlement for each Council will be. Local economic factors will also impact both the demand for Council services, and the Council's ability to fund these.

As last year's MTFS noted, 'at the time of writing the political and economic outlook appears very uncertain', with United Kingdom politics and economics dominated by the exit from the European Union which was then scheduled for March 2019. Other than the prospective exit date, now mooted as 31 October 2019, there is still no certainty on the terms of this exit – although a so-called 'no deal' appears increasingly likely - and the possibility of delays in the process, despite statements of Prime Minister Johnson, still cannot be ruled out.

The consensus opinion amongst professional economists is that 'Brexit' will have a negative impact on the economy in both the short and longer term<sup>2</sup>. Inevitably, there is no consensus on the overall degree of impact, although a 'no deal' scenario is generally regarded as more negative than a more 'managed' exit.

At the time of writing the United Kingdom has in effect a new government (new Prime Minister and Cabinet) which is in the process of suggesting new spending pledges covering a wide range of public sector expenditure. It is not clear where local government services sit in this range of priorities.

The 'Fair Funding review' in which the government is to create a new framework for local government funding based on 100% business rate retention and set new funding baselines was planned for implementation from the 2020/21 financial year. This would have created a multi-year financial settlement from this year. On 8 August 2019 however the Chancellor announced that all government departments would only see a one-year financial settlement for 2020/21 and it is all but certain that the Fair Funding review itself will not be delivered in line with the envisaged timetable.

For the financial year 2020/21, this MTFS therefore assumes that the financial settlement will follow the same framework as previous years in that the settlement will contain elements of retained business rates and New Homes Bonus, although the actual quantum of the settlement remains somewhat speculative. In particular, the government has the ability to flex the rules around New Homes Bonus and the existing business rate 'top-ups' and tariffs to deliver an overall settlement within a given spending envelope.

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<sup>2</sup> HM Treasury, the Office of Budgetary Responsibility and London School of Economics are generally negative on Brexit impact; the Economists for Free Trade are the principal counterweight to this view

In future financial years it is generally assumed that New Homes Bonus will be discontinued<sup>3</sup> with the impact (potentially) mitigated through the new business rate retention regime.

The outcome for Charnwood and district councils more generally from the Fair Funding review is very much speculative, but an opinion may be formed that relative to upper-tier authorities (where responsibility for adult social care and children's services lies), districts will fare relatively less well. This is because:

- District council services may be seen as less politically sensitive from a national perspective
- There are high-profile examples of upper-tier authorities in financial difficulties
- In contrast, over two-thirds of district councils actually increased their reserves in 2017/18 (these are the latest figures available)

Both the demand for the Council's services and its income streams are affected by the general economic health of the Borough, and the prevailing interest rate has a direct impact on interest receipts. Areas of deprivation do exist in the Borough but as a whole Charnwood is above averagely prosperous, with a ranking of 237 out of 326 English local authorities<sup>4</sup> (where '1' is the most deprived and '326' the least deprived local authority respectively). This relative prosperity is an important factor in the projected housing growth in the Borough, as evidenced in our draft Local (Development) Plan. If correct, the growth in housing will generate a significant part of the Council's total income over the next three years based on the current local government financing regime.

More detailed assumptions around the key individual components of the Council's revenue streams and expenditure are set out in subsequent paragraphs of this Strategy.

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<sup>3</sup> HM Treasury are known to believe that NHB has not been successful in its stated objective of recovering house building

<sup>4</sup> English local authority Index of Multiple Deprivation 2015 (IMD average ranks – File 10; latest result available, due for update September-October 2019)

## **5. Financial projections - overview**

At the heart of this MTFS is the high level financial model. This is used to derive an estimate of the Council's future revenues and costs and the associated impact on the Council's reserves. Subsequent sections describe how the model has been developed and the key assumptions used, as follows:

- Local government financing regime: discusses the projected mix of council tax and government grant revenues over the period of the MTFS
- Treasury management and investment income: discusses the Council's current approach to fund investment and projected levels of interest receivable, together with comments on envisaged future activities
- Key operational assumptions: describes the derivation and key assumptions underpinning the projections of operational income and expenditure
- Transformation and Efficiency Plans: describe the activities and initiatives planned and underway that will address prospective budget challenges
- Budget risks: sets out material high-level risks identified through revenue outturn and revenue monitoring reports and assesses the extent that these should be reflected in the financial projections
- Existing financial resources and use of prudential borrowing: describes how revenue and capital expenditure of the Council may be financed over the period of the MTFS using reserves or prudential borrowing
- General Fund financial projections: presents the projected financial outlook for the Council over the period of the MTFS in tabular form

## **6. The local government financing regime**

The Council's funding is derived from a mixture of council tax receipts, new homes bonus payments, a share of locally collected business rates and direct government grant funding. A key continuing theme from the government has been the drive towards financial independence for local authorities and the move towards localism. In practice this means a reduction in levels of direct (formula) grant funding, offset by retention of a share of local business rates and other grant funding relating to housing growth. It was envisaged that the new national business rate retention scheme would be in place from 2020/21 (with a headline 75% retention rate compared to the current 50% retention scheme currently in place). as the centrepiece of the new funding regime derived from the Fair Funding review. However, it now seems likely that this will be delayed until the 2021/22 financial year.

For the Council, a major uncertainty is around the future of the New Homes Bonus which forms a significant component of Council funding at present. The Government offers no assurances that this funding stream will continue beyond 2020/21 but no alternative approaches to the distribution of this funding pot have yet been proposed. Assuming a delay in the Fair Funding review it is likely that New Homes Bonus scheme will continue into 2020/21, and then be phased out in subsequent financial years. The speed and nature of this phasing is unknown at present.

The principal features of the financing regime and key assumptions and sensitivities in respect of Charnwood are discussed in more detail in the following paragraphs.

### *Council tax*

It is generally assumed that there is resistance from local citizens to any significant increases in Council Tax. With this in mind, the Coalition government (2010 – 2015) introduced legislation requiring council tax increases above a certain level to be endorsed by the public through a local referendum. This restrictive approach has continued under successive Conservative administrations. However, in recognition of increasing evidence that local authorities are struggling financially the Government has somewhat relaxed the limits at which a local authority would trigger a referendum and in recent years has allowed all District and Borough Councils to increase council tax by up to a maximum of £5 or 2% per band D property as well as allowing authorities with Social Care responsibilities an additional 2% increase on top of the standard cap that would have triggered a referendum. For the purposes of the MTFs, these limits are assumed to apply to District and Borough Councils for each of the financial years considered.

In comparison to other districts, Charnwood’s council tax charges are still amongst the lowest in the country as the data from the Department of Communities and Local Government below illustrates:

Table1: Comparison of District Band D Council Tax Charges 2019/20

	<i>Council Tax Band D</i>	<i>Rank (of 192)</i>		<i>Council Tax Band D</i>	<i>Rank (of 192)</i>
NATIONAL PICTURE			LEICESTERSHIRE AUTHORITIES		
<i>Lowest</i>					
Breckland	£90	1	Hinckley & Bosworth	£132	15
West Oxfordshire	£99	2	<b>Charnwood</b>	<b>£144</b>	<b>24</b>
Hambleton	£109	3	Blaby	£163	53
<b>Charnwood</b>	<b>£144</b>	<b>24</b>	Harborough	£168	69
			North West Leicestershire	£173	76
			Melton	£203	127
<i>Median</i>			Oadby & Wigston	£225	157
South Holland	£183	96			
North Devon	£183	97			

East Staffordshire	£184	98	
<i>Highest</i>			* Calculation includes Band D and Share of Loughborough Special Rate (or Equivalent) spread across whole tax base
Oxford	£308	190	
Preston	£315	191	Source: MHCLG
Ipswich	£362	192	

Given Charnwood's low tax charge and future funding uncertainties it is assumed that Council Tax will increase by the maximum amount in all of the financial years covered by this MTF; this maximum is calculated on the basis of £5 per Band D property but has to be adjusted for the impact of increases in special expenses areas.

The actual amount of Council Tax collected will also vary in line with the tax base, essentially the number of properties against which Council Tax is levied. The tax base for this purpose is expected to increase by 1.9% year on year over the period of this document.

As noted, the £5 increase must also take into account the Loughborough Special Expense area – so the Borough increase has to be below this overall limit. Based on current council tax base data it is estimated that the Borough rate would be £126.69 per Band D property, being consistent with the assumptions made around Loughborough Special Expenses.

Table 2: Projected Council Tax income tax increase

(Amounts £000)	2019/20 budget	2020/21	2021/22	2022/23
Assumed council tax income	6,893	7,294	7,732	8,160

### *Loughborough Special Rate*

The town of Loughborough does not have the equivalent of a town council and the role that this organisation would fulfill is therefore undertaken by the Borough Council.

The Loughborough Special Rate is levied on the residents of Loughborough by the Borough Council and is used for activities specifically related to Loughborough town. This set of activities is comparable to those performed by towns and parishes and used by other Councils in equivalent situations. These activities have been validated by the Council and include maintenance of parks, cemeteries and memorials, management of allotments and costs associated with the Loughborough Fair and festive decorations. A full list of activities is set out in the Budget Book issued by the Council each year and available at:

[https://www.charnwood.gov.uk/files/documents/2019\\_20\\_budget\\_book/2019-20%20Budget%20Book.pdf](https://www.charnwood.gov.uk/files/documents/2019_20_budget_book/2019-20%20Budget%20Book.pdf)



After a period where the special rate has not been increased, costs of activities borne have increased such that an increase in the special rate is now appropriate. For the purposes of the MTFS the Special Rate is assumed to increase by 1.99% year on year and is included within the projections. The projected increase in the tax base for Loughborough is 1.75% per year.

**To be clear, the above paragraph is a working assumption. It does not imply that any decision on the setting of the special rate has been taken;** this decision will ultimately be made by a meeting of the full Council at its meeting in February.

It should also be noted that for the purposes of assessing whether Council Tax increases are excessive when the government calculates the year on year level of increase for Charnwood, it includes both the main Borough charge and the Loughborough Special Rate.

Table 3: Projected Loughborough Special Rate income

(Amounts £000)	2019/20 budget	2020/21	2021/22	2022/23
1.99% increase in rate, 1.75% expansion of tax base	1,213	1,259	1,307	1,356

### *Revenue Support Grant*

Revenue Support Grant (or 'formula' grant) is (historically) allocated to each local authority by the government using an assessment of need based on the characteristics of population, geography and other sources of finance available to an individual local authority. The grant has been phased out since 2014/15 (£4.2m) and no longer exists from 2020/21.

### *Local share of national non-domestic rates ('business rates' or 'NNDR')*

From 1 April 2013 the structure of local government finance changed, with local authorities retaining a share of business rates collected in their area. The calculations are based on target rates of collection set by government and are somewhat complex, but result in Charnwood retaining around 9% of the total collected, equating to around £5.5m (including s31 grant compensation)<sup>5</sup>. Local authorities can increase their business rate income by growing the business rate take in their area; conversely, if collections fall then local authorities bear an element of risk.

Recent experience in Charnwood suggests, generally, a small degree of business rates growth envisaged over the period of the MTFS (although macro-economic factors could significant influence this outlook). In the medium term initiatives such as the development of the Loughborough University Science Park and, particularly, Charnwood Campus and the inclusion of these in an Enterprise Zone are hoped to offer some additional upside.

<sup>5</sup> The government compensates local authorities for lost business rate income arising from small business reliefs and similar

In comparison with other authorities Charnwood is comparatively less reliant on locally retained business rates and has relatively few single significant sites in respect of business rate valuations. For example, Charnwood is not the site of a power station, airport, major retail park (such as Fosse Park) or regional distribution Centre (such as Magna Park). Some risk does exist however, principally around the long tail of outstanding rate appeals for which we would have to bear our share of lost revenue should those appeals prove successful. Additionally, business rate income is now our second largest source of external funding.

It is anticipated that the government will introduce a new regime of business rate retention, with a '75% retention' scheme replacing the existing '50% retention' scheme alongside the implementation of the recommendations arising from the Fair Funding review. Although yet to be confirmed it is anticipated that this will now be delayed until 2021/22.

The additional revenue from the envisaged 75% business rate retention arrangements may replace reductions in RSG and New Homes Bonus but may also come with additional responsibilities that give rise to additional costs. At this point in time the details of this arrangement are still under development.

The Council participated in a bid to participate in a 75% business rate retention pilot for 2019/20, in conjunction with other local authorities in Leicestershire. The impact of the pilot was not reflected in the budget for 2019/20 but looks likely to provide a one-off boost in the 2019/20 financial year, of around £450,000. This will be applied (in line with the pilot bid) to a 'mix of spend to save' initiatives and capital expenditure on town centre schemes. Given the expected delay in the Fair Funding review it is possible that the pilot scheme may be extended; however, no announcements have been made to this effect and no impact of possible business rate pilot participation is included within the MTFS projections.

The calculation and monitoring of business rate income (and associated section 31 grant payments) is detailed and complex. The projections below are based on forecasted business rate income for 2019/20, to which is then applied a growth factor of 3.0% per annum. This growth factor is based on an assumed CPI of 2%<sup>6</sup> plus an underlying growth factor of 1%. There is also an adjustment for Empty Property costs, estimated at £500,000 each year from 2020/21 for which reliefs cannot be claimed back.

Table 4: Projected local share of business rates

<i>(Amounts £000)</i>	<i>2019/20 budget</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
As modelled	5,290	4,947	5,192	5,363

<sup>6</sup> CPI = 2.1% (July 2019)

### *New Homes Bonus*

The New Homes Bonus (NHB) was designed to provide an incentive payment for local authorities to stimulate housing growth in their area. The calculation is based on council tax statistics submitted each October and, up to 2016/17, a 'bonus' was payable for the following six financial years based on each (net) additional property using a standardised council tax Band D amount (this varies with the national average but is historically £1,500+ per property). In two-tier local government areas this payment is split in the ratio 20% to county councils, 80% to district councils.

The NHB scheme started in 2011/12, so 2016/17 was the first year in which the Council received a full six years funding. Up until 2016/17 the amount of NHB received grew naturally due to the cumulative funding effect since the scheme was introduced in 2011/12. From 2017/18 the mechanism under which NHB funding levels are determined changed. The number of years over which the funding is received reduced to five in 2017/18 then a further reduction to four years applied from 2018/19 onwards. Additionally a 'deadweight' growth upon which no bonus is payable ('deadweight' growth) was been introduced, further reducing future payments. The deadweight growth was set at 0.4% in respect of 2018/19; in future years it is suggested that this may be subject to change dependent on national affordability criteria but no information on any prospective change is available.

More fundamentally, as alluded to earlier in this document, there appear to be significant doubts around the future of NHB, particularly from the 2020/21 financial year when the outcome of the Fair Funding review is (expected to be) known. There have been suggestions that HM Treasury believe that the scheme has 'failed' in that it has not created any material growth in housing supply. At the time of writing there is no official word on any variation or alternative and the approach in the core MTFS projection is to assume that the scheme continues in its current format due to a lack of any more obvious assumption. However, some alternative scenarios are considered in subsequent paragraphs in this document.

### *Calculation of New Homes Bonus*

In common with previous years, for 2020/21, the New Homes Bonus is calculated by comparing the number of houses on the council tax register, as reflected in the annual CTB 1 return completed in October 2019, to the equivalent return from 2018.

The return includes the impact of both new houses and the net change in houses within existing stock that have become empty (or been reoccupied). This 'raw' number is then converted to Band D equivalent figure analogous to the calculation of the council tax base, and then adjusted by the 'deadweight' percentage described above. For the purposes of the projections in this MTFS the deadweight percentage of 0.4% (of the total council tax base) is used, being consistent with

previous years; there is, however, no guarantee that this rate will remain unchanged.

The detailed calculations are underpinned by monthly monitoring of the changes in properties for calculating NHB. The current run rate for 2019/20 is 625 houses as at July 2019 with an average monthly increase of around 70. On a pro rata basis the CTB1 figure for October 2019 is therefore estimated at 765 properties. This has been used as the basis for calculating NHB payments for 2021/22 and 2022/23.

The effect of these estimates is tabulated below.

Table 5: Change in council tax register year on year, as aligned to NHB award years

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 ESTIMATED
Additional properties (Band D equivalent)	727	569	642	890	686	765

Table 6: Charnwood New Homes Bonus 2015/16 – 2020/21

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 ESTIMATED
Additional properties (adjusted for NHB calculation purposes)	727	569	642	890	686	765
Associated NHB (year) £000	878	716	829	1,198	988	1,197
Cumulative NHB (grant) £000	3,775	4,491	4,004	3,621	3,731	4,151

### *Planning assumptions on housing growth*

The Council publishes its five year housing supply calculations on the website

Table 7: Housing completions estimated: Five year land supply 2019 - 2024

	2019/20	2020/21	2021/22	2022/23	2023/24
Estimated completions	1,165	1,423	1,437	783	766

It should be noted that the above figures are prepared on a different basis and relate to financial years so therefore the impact is lagged in respect to NHB - the first six months of 2019/20 would therefore relate to the second half of the year on which the 2020/21 NHB calculations are based. However, these estimates are consistent with recent growth data from the council tax base and suggest that the NHB forecasts are not unreasonable in terms of the quantum of expected growth.

### *NHB - summary*

Given the above factors, the following approach and assumptions have been adopted for the MTFS period.

1. The New Homes Bonus scheme will operate in its current format throughout the period of this MTFS.

2. The deadweight percentage will continue to be applied at 0.4% for each year of the MTFS.

Based on these assumptions the NHB projections for this MTFS period are tabulated below:

Table 8: Assumed growth in Housing and associated NHB grant receivable

	2019/20	2020/21	2021/22	2022/23
Net additional properties (draft MTFS - June)	686	765	710	710
Deadweight percentage applied	0.4%	0.4%	0.4%	0.4%
Standardised council tax rate	£1,670	£1,750	£1,803	£1,857
Associated NHB (£000)	988	1,136	1,089	1,120
<b>Cumulative NHB (000)</b>	<b>3,731</b>	<b>4,151</b>	<b>4,411</b>	<b>4,333</b>

### *Sensitivity of New Homes Bonus*

The significant uncertainty around the future of NHB beyond 2019/20 (and 2020/21 especially) means that this income stream can be regarded as particularly vulnerable. Loss of NHB may be mitigated through increased business rate retention if the Fair Funding review takes account of this income stream, either ‘permanently’ or through some temporary transition arrangements. Possible sensitivities include:

- NHB continues in current format but housing growth strengthens in latter years of the MTFS due to strong housing growth (thereby improving the financial outlook)
- NHB continues in the current format but the deadweight percentage is increased to fit HM Treasury affordability constraints
- NHB continues but the allocation between Districts and Counties is altered (say, from 80/20 in favor of Districts to a 50/50 split)
- NHB is discontinued from 2021/22 but funding due from previous years is continued
- NHB is discontinued but an alternative allocation of the total pot is paid out (in which case Charnwood, as a major beneficiary of NHB, would likely be a loser)
- NHB is discontinued in its entirety from 2021/22

The variation in Council funding under these alternative scenarios is tabulated below:

Table 9: Variation in NHB income under alternative scenarios

<i>(Monetary amounts £000)</i>	2020/21	2021/22	2022/23
FAVOURABLE			
Stronger housing growth than projected in MTFS (1,000 net additional properties for 2020/21 and 2021/22)	0	418	848
(ADVERSE)			
Deadweight percentage altered by government to 0.6% in each year of the MTFS	(430)	(655)	(886)
Tier split altered – 50% allocation to Districts (80% under current rules)	0	(545)	(1,105)
No additional NHB from 2021/22 but NHB paid in respect of previous years	0	(1,089)	(2,209)
All NHB discontinued from 2021/22	0	(4,411)	(4,333)

## 7. Treasury management and projected investment income

The majority of the Council's investments are short-term, mainly made up of cash deposited for short periods on money markets. The remainder is made up of loans to other local authorities for periods of up to two years and longer term holdings in property funds. In recent years these have had a value in the range of £39-56m at any point in time. Broadly, these amounts represent a combination of Council Reserves (such as monies earmarked to fund the Capital Plan), business rates and council tax collected on behalf of the County Council, local police and fire authorities, and parishes. The investment income generated from these balances remains an important source of funding for the Council despite the ongoing low level of interest rates.

In selecting its investments, the Council must balance the rates of return available whilst ensuring the security and liquidity of its investments. As a body that must take its stewardship of public money seriously, the Council adopts a prudent treasury management strategy. This strategy is subject to Council approval each year and aims to allow the Council's finance team appropriate levels of latitude in the day to day management of treasury operations within closely defined operational parameters.

The investment strategy is weighted towards security and liquidity of capital and, in general, it is envisaged that this approach will continue. However, this strategy assumes a continuation of the trend of recent years to seek increased returns through loans to other public sector bodies and investments in a wider range of financial instruments, such as property funds. Therefore, whilst security and liquidity remain paramount, the Council is now adopting a more proactive approach and is accepting a slight degradation in risk and liquidity factors<sup>78</sup> in exchange for higher returns. This matter is discussed in more detail in the Council's Investment Strategy, which is scheduled for Cabinet and Council approval in the autumn.

For the purposes of projections, it is assumed that:

- Interest rates are likely to rise in the medium term
- Average cash balances available for investment will reduce (reflecting a more proactive investment strategy)
- The net effect of the above will deliver returns in line with the 2018/19 outturn

It is also envisaged that the Council will review its Treasury Management Strategy to allow greater scope for investment in a wider range of counterparties and for longer terms. Investment activities are therefore expected to yield additional returns over and above those shown below; these are analysed separately for presentational purposes in Section 9 of this document, which covers the Council's transformation and efficiency plans.

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<sup>7</sup> Context here is important; the Council's investments can / will still be regarded as low risk within the range of all available financial investment opportunities

<sup>8</sup> Changes such as described have, or would, require Full Council approval of the Treasury Management Strategy

Table 10: Investment income (interest receivable) projections

<i>(Amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
<b>Assumed returns</b>	390	450	450	450



## 8. Key operational assumptions

The Council's 'Net Service Expenditure' is the total amount spent on services, offset by income associated with the provision of those services such as planning fees receivable, income generated by the Council's car parks, or service specific grant income. The basis of the Council's projected Net Service Expenditure for the purposes of the MTFs is the 2019/20 budget. Known 'one-offs' (income or expenditure arising in 2018/19 only) are removed and then the numbers are adjusted for a limited number of known contractual commitments.

The principal adjustments to the budgets are tabulated below:

Table 11: Principal adjustments included in 2019/20 budget made for MTFs purposes

<i>(Monetary amounts £000 unless stated)</i>	2020/21	2021/22	2022/23
Wages and salaries <ul style="list-style-type: none"> <li>2% annual increases assumed in line with most recent pay settlement</li> </ul>	+2% = 275	+2% = 559	+2% = 851
Payroll on-costs <ul style="list-style-type: none"> <li>1% annual increases assumed reflecting requirement for increased pension contributions</li> </ul>	+1% = 138	+1% = 280	+1% = 426
<i>Specific contractual commitments:</i>			
Member allowances <ul style="list-style-type: none"> <li>Linked to staff salary increases</li> </ul>	7	7	8
Environmental services contract (refuse collection and street cleaning) <ul style="list-style-type: none"> <li>Increases reflect ending of extension period in 2020 and requirement to replace refuse freighter fleet</li> <li>Includes inflationary element</li> <li>Amounts do not include additional efficiencies separately identified in transformation and efficiency plan</li> </ul>	506	839	1,082
Revenues & Benefits Contract Pensions Adjustment	(120)	(122)	(124)

### Operating income

The Council generates income from various activities. For information the top five sources of income and the associated projections are tabulated below:

Table 12: Projected operating income

<i>(Amounts £000)</i>	2019/20 budget
Garden waste collections	1,466
Planning Fees & Charges	1,293
Off street car park income	915
Sales – general	706
Rents – general	704

### *Expenditure pressures*

Additional expenditure may be unavoidable due to policy, legislative or commercial pressures. Other than set out above these service pressures are not included at this stage as these will form part of the more detailed annual budget setting process which requires a business case to be completed.

Table 13: Total amount – Net Service Expenditure

<i>(Amounts £000)</i>	<i>2019/20 budget</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
As modelled	18,138	19,269	20,059	20,743

## 9. Transformation and Efficiency plans

Charnwood has a record of generating efficiencies through continuous improvement and is also engaged in a number of initiatives designed to transform the customer experience, existing ways of working, to increase returns on financial and non-financial assets, review pricing policies for chargeable services and to generate efficiencies.

The Council’s approach to transformation and the generation of efficiencies was discussed as part of the Peer Challenge process undertaken by the Council in March 2018. An agreed action was that the Council would be provide more information of these plans and in response a summary of these activities was set out for the first time in last year’s version of the MTFS. The remainder of this section provides a commentary on the Transformation and Efficiency plan presented last year and an updated version for this year.

### Commentary and update of plans presented in the previous (2019 – 2022) MTFS

#### *Treasury management*

The Council has always sought to balance security and liquidity of financial assets against available financial returns. Although interest rates *may* finally be on an upward curve they remain at historically low levels and whilst remaining prudent, the Council continues to consider increasing the range of treasury activities to increase returns generated. In the previous MTFS it was assumed that an additional £25,000 would be generated in each year, principally realised by allowing for the full effect of investment in property funds. This amount has now been included within the base budget calculations. In future years the MTFS assumption is that an additional annual £50,000 will be generated following a review of the Treasury Management Strategy (conducted by treasury management consultants) which will allow some relaxation in both investment counterparties and investment terms.

This approach is a continuation of that adopted in recent years where the Council has started offering loans to other local authorities and investing in property funds.

Table 14: Treasury Management initiatives

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Proactive treasury management – Previous MTFS Amounts now included base budget assumptions	25	25	25	
<b>Proactive treasury management – Current MTFS</b> • <b>Review of Treasury Management Strategy to take effect from 1 April 2020</b>	N/A	50	50	50

#### *Asset creation – Messenger Close*

Last year’s MTFS noted that the Council was in the process of developing storage compounds at the ‘brown field’ Messenger Close site. The site was completed in

late 2018 and is – as was anticipated – now fully on-stream, generating an £44,000 per annum. This amount has now been included in the base budget calculations.

Table 15: Asset creation – Messenger Close

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Asset creation – Previous MTFS Reflects full occupation of Messenger Close from 2019/20	15	44	44	
<b>NOT APPLICABLE</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

### *Investment in commercial assets*

Other Councils have invested in commercial assets, such as warehouses, hotels and retail units, with a primary objective of making a financial return. This approach naturally carries an element of risk, particularly if financed by borrowing, and there are technical constraints that may make investment returns less attractive than immediately apparent. Amounts were included on a speculative basis in the previous MTFS arising from 2020/21. No detailed property acquisition plans are yet in place but the forthcoming Commercial Investment Strategy will recommend that a fund is set up for property acquisitions with a view to acquisitions commencing from financial year 2021/22. The comparison between MTFS projections is tabulated below:

Table 16: Investment in commercial (property) assets

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Commercial investment – Previous MTFS Speculative – assumes £1m generating 5% return in 2020/21 and £2m generating 5% return in 2021/22	0	50	100	
<b>Investment based on Capital Strategy (draft status at time of writing) – assumes creation of a £10m investment fund</b>	<b>N/A</b>	<b>0</b>	<b>75</b>	<b>150</b>

### *Commercialisation – increased fees and charges*

The Council reviews fees and charges on a regular basis. Whilst not all charges are set with a view to maximising revenue (as other policy considerations may mitigate against this) revenue generation is usually a major consideration. Over the period of the previous MTFS it was envisaged that additional revenue would be generated through increasing charges for the garden waste collection service. This revenue stream is being generated as envisaged and has therefore been included within the base budget calculations.

Since last year the Council has now embarked upon an exercise of reviewing fees and charges. No specific fees and charges have been identified at the time of writing but given the current focus on this area it can be considered appropriate to reflect some positive impact on future budgets. This is tabulated below:

Table 17: Commercialisation – review of fees and charges

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Commercialisation – increased fees and charges – Previous MTFS Major proportion generated through increased garden waste scheme revenues - £230k p.a – now included within base budget calculations	250	260	270	
<b>Commercialisation Speculative – projection based on non-garden waste element of previous MTFS figures</b>	<b>N/A</b>	<b>30</b>	<b>40</b>	<b>50</b>

### *Commercialisation – new ventures (Trade Waste service)*

The Council has implemented plans to develop additional revenues through the introduction of a trade waste service. Development of this new service continues. The projected impact on the MTFS, as updated is tabulated below:

Table 18: Commercialisation – new Trade Waste Service

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Commercialisation – new ventures – Previous MTFS Trade waste	(10)	0	20	
<b>Commercialisation – Trade Waste Update for current MTFS</b>	<b>N/A</b>	<b>0</b>	<b>10</b>	<b>20</b>

### *Major contract efficiencies*

Charnwood has a number of major contracts for the delivery of services including refuse collection, street cleaning, revenues and benefits, maintenance of open spaces, and leisure centres. Two of these – covering environmental services, and revenues and benefits, are due for renewal in 2020 and it was envisaged in the previous version of the MTFS that some reductions in the cost of the service over and above the core expenditure assumptions could be achieved.

Current calculations on major contracts are set out in Section 8 (ie. Included within the base budget calculations). For the purposes of the current MTFS it is assumed further savings can be achieved, principally from negotiating a change in the basis in which inflationary uplift on the revenues and benefits contract is calculated.

Table 19: Major contract efficiencies

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Major contract efficiency calculations – Previous MTFS (Essentially included in base budget calculations)	20	60	90	
<b>Major contract efficiencies Revised inflationary uplift method negotiated – revenues and benefits contract</b>	<b>N/A</b>	<b>20</b>	<b>45</b>	<b>75</b>

### *Transformation – accommodation*

The Council has yet to take full advantage of new technology that enables ‘agile working’ a loose concept that could include increased levels of home working and hot desking. Successful implementation should yield cashable savings by reducing the accommodation footprint. However, little progress has been made in this area in the last year and projections – updated as below – are speculative.

Table 20: Transformation - Accommodation

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Speculative savings through transformation - accommodation – Previous MTFS	0	0	50	
<b>Speculative savings through transformation - accommodation – Updated MTFS</b>	<b>N/A</b>	<b>0</b>	<b>0</b>	<b>50</b>

### *Transformation – efficiencies enabled through ICT*

The existing On-line Customer Experience project seeks to enable and improve the ability of customers to transact with the Council digitally. Having invested in technology it is logical that this initiative, alongside other digital initiatives such as the Document Management and Digital Democracy projects should deliver efficiencies in ways of working.

At the time of writing some small efficiencies have been realised in the Contact Centre (due to the introduction of the on-line booking system) and speculative savings projections have been updated, as tabulated below.

Table 21: Transformation – Enabled through ICT

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Speculative savings through transformation – enabled by ICT – Previous MTFS (assumed 1 x FTE saving found in each year)	30	60	90	
<b>Savings realized in contact centre</b>		<b>12</b>	<b>12</b>	<b>12</b>
<b>Speculative savings through transformation – enabled by ICT – Updated MTFS (assumes 1 x FTE saving found in each year)</b>	<b>N/A</b>	<b>30</b>	<b>60</b>	<b>90</b>

### *Continuous improvement*

In the previous MTFS it was assumed savings could be generated through continuous improvement given the Council’s record in this area and of outturn underspends versus budgets.

Subsequently, to deliver a budget within an agreed use of reserves a non-specific (and one-off) savings target of £300,000 was included within the agreed current (2019/20) budget.

For consistency the same continuous improvement target is included within this iteration of the MTFS.

Table 22: Continuous improvement

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
Non-specific – Previous MTFS	150	230	300	
<b>Current MTFS – as 2019/20 budget</b>		<b>300</b>	<b>300</b>	<b>300</b>

### *New initiatives identified*

New initiatives identified for inclusion in this version of the MTFS are as follows.

#### *Commercialisation – expansion of seating in Town Hall theatre*

An initiative is being developed that will allow expansion of seating within the Town Hall theatre. This will be a spend to save initiative requiring initial investment from the reinvestment reserve that is projected to generate an additional £80,000 annual revenue (with assumed negligible marginal cost). For the purposes of the MTFS revenues are assumed to commence half way through financial year 2021/22, as below.

Table 23: Commercialisation – additional Town Hall seating

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
<b>Additional Town Hall Seating</b>		<b>0</b>	<b>40</b>	<b>80</b>

#### *Transformation – creation of a shared building control service*

A project is underway looking to create a shared building control service with North West Leicestershire District Council. At present the Council makes a net loss on building control trading activities, averaging over £200,000 annually over recent years.

At present no projections are available from ongoing work in developing the business case. Therefore the numbers below are speculative, and derived from the overall quantum of existing deficits. It is envisaged that these figures can be updated in the final version of this MTFS.

Table 24: Transformation – Shared Building Control Service

<i>(Monetary amounts £000)</i>	2019/20	2020/21	2021/22	2022/23
<b>Shared building control project with NWL DC</b>		<b>25</b>	<b>50</b>	<b>75</b>

In summary, the projected budgetary impacts for the current MTFS are set out below;

Table 25: Net positive impact of transformation and efficiency plans – Financial years 2020 - 2023

<i>(Monetary amounts £000)</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
<b>Proactive treasury management</b> Review of Treasury Management Strategy to take effect from 1 April 2020	50	50	50
<b>Commercial Property investment</b> Investment based on Capital Strategy (draft status at time of writing) – assumes creation of a £10m investment fund	0	75	150
<b>Commercialisation – review of fees and charges</b> Speculative – projection based on non-garden waste element of previous MTFS figures	30	40	50
<b>Commercialisation – Trade Waste</b> Update for current MTFS	0	10	20
<b>Major contract efficiencies</b> Revised inflationary uplift method negotiated – revenues and benefits contract	20	45	75
<b>Transformation – Accommodation</b> Speculative savings through transformation - accommodation – Updated MTFS	0	0	50
<b>Transformation – ICT enabled</b> Savings realised – on-line booking system	12	12	12
Transformation – ICT enabled Speculative savings through transformation – enabled by ICT – Updated MTFS (assumes 1 x FTE saving found in each year)	30	60	90
<b>Commercialisation – additional revenue</b> Additional Town Hall Seating	0	40	80
<b>Transformation – shared services</b> Shared building control project with NWL DC	25	50	75
<b>Continuous improvement</b> Current MTFS – as 2019/20 budget	300	300	300
<b>TOTAL</b>	<b>467</b>	<b>682</b>	<b>952</b>

The figures quoted above should be regarded as indicative and illustrative only. Some refinement of the numbers will be carried for the final version of this MTFS, but in many cases will remain somewhat speculative. The key message here however is that should elements of the plan fail to deliver savings (or income growth) in line with those projected above, then other savings will need to be generated from other areas of the Council's operations.



## 10. Budget risks

In addition to the specific expenditure items identified within Section 8, key operational assumptions, other elements of income and expenditure have been identified as having potential to give rise to major service pressure requests in forthcoming budget rounds, or creating a risk of overspends. These elements have been identified through review of the latest revenue outturn report (relating to 2018/19) and current budget monitoring, and are summarised below.

### *Planning fee income*

The 2018/19 revenue outturn report (see Cabinet papers of 4 July 2019) identified a shortfall in planning fee income of £363,000. Planning fee income has proven volatile, in that a single large application can yield significant fees, and difficult to forecast. The 2018/19 outturn was particularly disappointing given the 10% increase in fee rates and represented a significant downturn against the previous year. However, current year monitoring suggests that planning fee income is in-line with the budget and, given historical periods where fee income exceeded budgets, no adjustments to the financial forecasts have been made in this iteration of the MTFS.

### *Building control fee income*

As noted previously in respect of the Transformation and Efficiency Plan, a project is underway looking to create a shared building control service with North West Leicestershire District Council. Inter alia, a key driver of this project is the ongoing decline in building control income, evidenced by the £100,000 shortfall against budgeted fees arising in 2018/19.

Presentationally, and for the purposes of the MTFS forecast it is assumed that this shortfall will continue, but will be offset by new income or cost savings arising from the shared service project (ie. the income loss should be netted off against the benefits arising from the shared service project in understanding projections relating to the building control service).

### *Housing rent allowance*

The 2018/19 outturn report notes a £305,000 shortfall in the housing rent allowance budgets. This is a complex area but the principal reason for the overspend is related to supported living allowances, which increased from £71,000 in 2017/18 to £269,000 in 2018/19 and are predicted to reach approximately £400,000 in 2019/20. Supported living allowance (SLA) is itself a complex area but in essence:

- SLA costs are incurred where the Council is required to make a housing benefit payment which can be only partially reclaimed back from the Department of Work and Pensions

- SLA is demand led; the Council has little ability to mitigate these costs if providers – typically of a charitable nature – elect to open facilities within the local authority area

The Council does maintain provisions in respect of housing benefit payments which may be used to smooth the budget impact but unless existing facilities close it can be expected that this will present an ongoing budgetary challenge.

*Non-specific savings target*

Included within the 2019/20 budget was a non-specific savings target of £300,000. This was justified on grounds of the Council’s long history of underspends. At the time of writing it is unclear whether this target will be achieved (it still being relatively early in the financial year). The Transformation and Efficiency Plan assumes that the one-off efficiency can be replicated into future years but as this is untested it is considered appropriate to reflect a degree of risk of realisation in future years (assumed as £100,000 per annum). The table below details the net impact of major budget risks.

Table 26: Summary: Net (negative) impact of budget risks – Financial years 2020 - 2023

<i>(Monetary amounts £000)</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
Planning fee income risk	0	0	0
Building control income risk	(100)	(100)	(100)
Housing rent allowance	(250)	(300)	(350)
Non-specific savings target	(100)	(100)	(100)
<b>TOTAL</b>	<b>(350)</b>	<b>(400)</b>	<b>(450)</b>

## 11. Existing financial resources and use of prudential borrowing

Currently, the Council retains a number of reserves on its balance sheet, representing amounts that the Council may use to deliver or enhance Council services. Broadly, these are of three types:

- The General Fund balance that can be used to fund any type of expenditure
- Balances that may be used to fund any type of expenditure but which have been earmarked for specific uses by the Council
- Balances that are restricted in use by Government regulation that can be used to fund only specific types of expenditure, usually of a capital nature

There are also other balances on the Council's balance sheet created as a result of Government regulation or accounting rules. These balances are not available to fund expenditure of any type.

In recent years Charnwood has continued to invest in service delivery and the MTFS assumes that:

- The General Fund balance will be maintained at a level of not less than £2m in line with good practice
- Other reserves will be utilised or created during the period of the MTFS as appropriate; additionally, transfers between reserves may be deemed appropriate

As will be seen from the financial projections (Tables 27 and 28) the Council has an adequate level of reserves and even if no management action were taken to address the projected net funding deficit across the period of the MTFS, existing activities could be funded by reserves in the short term.

In addition, the Council could consider utilising reserves in the short term in order that services can be restructured in a cost effective and efficient manner giving a sustainable base for the future.

### *Growth Support Fund and Capital Plan Reserve*

The Growth Support Fund has been established to support growth throughout the Borough. This fund is a revenue reserve and can be used for a variety of purposes, both revenue and capital. In addition, a Capital Plan Reserve has been created so that the Council can supplement its level of usable capital receipts. This reserve is designed to be used for General Fund capital items only but it is not constrained and could also be used to fund general fund revenue expenditure.

### *Usable Capital Receipts Reserve*

The Usable Capital Receipts Reserve represents the proceeds of asset sales available to meet future capital expenditure. The use of this reserve is restricted for application on items of a capital nature.

The Council has a well-established process exists for the management of the capital plan. For the purposes of the MTFS we are therefore able to assume that sufficient resources exist, or will be generated, to finance all uncompleted schemes within the current Capital Plan. Funding required beyond this point will rely on the Council's ability to generate new receipts from asset sales, or funding from revenue and/or reserves or Prudential Borrowing, which is discussed below.

### *Use of Prudential Borrowing – General Fund*

Charnwood has been able to avoid the use of borrowing in recent years. However, given the level of uncertainty over future funding streams for local government and the desire to stimulate the growth of the local economy, the possibility of raising funds for investment purposes through the use of prudential borrowing is likely to be considered during the period of this strategy document, particularly to finance commercial investments, as envisaged within the transformation and efficiency plan (see Section 9). More detail of the Council's intentions in this area will be available in the forthcoming Commercial Investment Strategy, due for the autumn of 2019. The interest and principal payable on such loans will be an ongoing 'revenue' charge to the Council that would impact upon funds available for day to day service delivery therefore any such investment will be subject to strict criteria around economic regeneration and rates of return on investment.

It is also highly likely that the Council will undertake borrowing to finance the new refuse freighter fleet, required as it moves into a new refuse collection and street cleaning contract. Professional advice has been taken which shows that this arrangement will be financially beneficial to the Council, as set out in the Cabinet report<sup>9</sup> of December 2018.

### *Use of Prudential Borrowing for Housing*

The Council will externally borrow, if necessary, to undertake works in line with its Housing Capital Investment Programme and 30-Year Housing Business Plan. Where feasible it will 'internally borrow' from the General Fund provided there are surplus amounts available for this purpose. These internally borrowed amounts will be at similar interest rates to those offered by the government's Public Works Loan board (PWLb). The Council retains all its Council dwellings rental income in order to service the HRA debt, pay for repairs and maintenance of the housing stock and for its housing operations generally. This borrowing, and any additional

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<sup>9</sup> Cabinet report: see <https://charnwood.moderngov.co.uk/ieListDocuments.aspx?CIId=137&MIId=175&Ver=4>

borrowing as mentioned above, is segregated from General Fund borrowing and so does not directly impact on the MTFS. Further details regarding the HRA are set out in the section covering the Housing Revenue Account.

## 12. Financial Projections 2020 – 2023

Table 27 MTFS financial projections

General Fund Expenditure	2020/21 £000	2021/22 £000	2022/23 £000
<b>Net Service Expenditure</b>	<b>19,269</b>	<b>20,059</b>	<b>20,743</b>
Interest Payable	240	240	240
Interest Receivable	(450)	(450)	(450)
	<u>19,059</u>	<u>19,849</u>	<u>20,533</u>
Transformation and efficiency plan (table 25)	(467)	(682)	(952)
Budget Risks crystallising (table 26)	350	400	450
	<u>18,942</u>	<u>19,567</u>	<u>20,031</u>
<b>Financing Strategy</b>			
Business Rates Funding	(4,947)	(5,192)	(5,363)
Council Tax Receipts	(7,294)	(7,732)	(8,160)
Loughborough Special Rate	(1,259)	(1,307)	(1,356)
New Homes Bonus	(4,151)	(4,411)	(4,333)
Surplus on Council Tax	(100)	(50)	(50)
	<u>(17,751)</u>	<u>(18,692)</u>	<u>(19,262)</u>
Total Precept income	18,942	19,567	20,031
Total Net Expenditure from above	<u>18,942</u>	<u>19,567</u>	<u>20,031</u>
<b>Funding shortfall</b>	<b>1,191</b>	<b>875</b>	<b>769</b>
Implied use of / (addition to) reserves in year	1,191	875	769
Cumulative use of reserves over period of MTFS	<u>1,191</u>	<u>2,066</u>	<u>2,835</u>

The impact of these projections on the Council's revenue reserves are set out below:

Table 28: Impact on Revenue Reserves

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Working Balances brought forward (see note below)	5,899	4,708	3,833
Implied use of / (addition to) reserves in year for Service Expenditure	(1,191)	(875)	(769)
<b>Working Balances</b>	<b>4,708</b>	<b>3,833</b>	<b>3,064</b>

*Analysis of earmarked revenue reserve*

Reinvestment Reserve	809	809	809
Capital Plan Reserve	1,575	1,575	1,575
Other Revenue Reserves	801	864	864
<b>Total Earmarked reserves balances</b>	<b>3,185</b>	<b>3,248</b>	<b>3,248</b>
<b>Overall Total Reserve Balances</b>	<b>7,893</b>	<b>7,081</b>	<b>6,312</b>

NOTE: Balances brought forward are calculated by taking the actual outturn reserves for 2018/19 and adjusting these for the use of reserve budget figures for 2019/20

*Additional notes on the financial projections*

*Council Tax support for Parishes:* an explicit amount was included in the Revenue Support Grant at the inception of the local scheme of council tax support to passport on to town and parish councils as compensation for the reduction in council tax base that arose at that time. In subsequent years there has been no explicit notification of this grant within the RSG but Charnwood established the practice of passporting an amount to towns and parishes in the same proportion as originally created. However, given the elimination of RSG, no further funds will be transferred.

*Collection Fund:* In any year the amounts of council tax or business rates actually collected will differ from that budgeted due to additions or removals of properties from the register, or non-collection of amounts billed. These surpluses or deficits are managed through the collection fund and (effectively) reflected in adjustments to precepts in subsequent years.

At the 2018/19 year end a significant adverse (debit) balance had arisen on the business rate element of the collection fund, offset by Section 31 grant compensation, from which a compensating business rate reserve has been created. The figures presented above represent the net position, including the compensating business rate reserve.

### 13. Risk and sensitivities

There are major uncertainties for Charnwood arising from future developments in local government funding from the 2021/22 financial year. These - which are essentially linked – concern the outcome of the Fair Funding review and the future of the New Homes Bonus scheme which will impact the Council from this year. The potential range of funding outcomes is very wide such that other sensitivities within the MTFs projections are less significant in this context.

Table 9 considered potential shortfalls in grant funding arising from potential changes to the New Homes Bonus scheme. Selected scenarios are expanded below to illustrate the impact on the use of revenue reserves (no other changes assumed):

Table 29: Impact on reserve usage following reduction in NHB income under alternative scenarios

<i>(Monetary amounts £000)</i>	2020/21	2021/22	2022/23
<b>Projected use of reserves – main Scenario</b>	<b>1,191</b>	<b>875</b>	<b>769</b>
#1: Tier split altered – 50% allocation to Districts (80% under current rules)	0	545	1,105
<b>Revised use of reserves under Scenario #1</b>	<b>1,191</b>	<b>1,420</b>	<b>1,874</b>
No additional NHB from 2020/21 but NHB paid in respect of previous years	0	1,089	2,209
<b>Revised use of reserves under Scenario #2</b>	<b>1,191</b>	<b>1,964</b>	<b>2,978</b>
All NHB discontinued from 2020/21	0	4,411	4,333
<b>Revised use of reserves under Scenario #3</b>	<b>1,191</b>	<b>5,286</b>	<b>5,102</b>

Sensitivities can, of course, produce favourable as well as adverse effects. Whilst New Homes Bonus and the Fair Funding review provide a very uncertain backdrop to this version of the MTFs it is fair to also acknowledge potentially positive scenarios, such as a successful 75% business rates retention pilot bid, that could boost the Council's budget by around £450,000 in 2020/21 (based on projections for 2019/20 outturn), and a favourable outcome for Charnwood arising from the Fair Funding review. Overall, however, the downside risks remain significant.



## **14. Note on the Housing Revenue Account**

The Housing Revenue Account (or HRA) is a ring-fenced set of transactions that sit within the wider financial records of the Council. It had gross income of £22.1m in 2018/19 of which £20.7m was dwelling rents. Expenditure on management and repairs amounted to £11.1m whilst depreciation was £3.0m. A further £2.7m was required for interest payments on its debt and £3.7m was used to fund additional capital expenditure.

There is a surplus or deficit on the HRA each year which is added to the brought forward HRA balance. This balance should always be in surplus and at 31 March 2019 it was £613k against a target balance of £613k. There is an additional £8.0m in a new Housing Financing Fund, the purpose being to help militate against the financial pressures that national policy will place on the HRA in the medium-term. There is £3.9m in the Major Repairs Reserve which has restrictions on its use to capital expenditure and the repayment of loans.

Rental levels are largely controlled by central government and there are certain other restraints on how the Council may manage its housing stock. The most recent 30 Year Housing Business Plan, which effectively represents the MTFs for the HRA, was approved by Council in November 2014. It is intended that this will be updated following the announcement of the ending of the HRA debt cap.

## **15. Reserve Strategy**

As outlined above, from 2021/2022 onwards grant funding from central government is highly uncertain. The Council's strategy is to have a minimum of £3.5m in the working balance going into the 2021/22 financial year, giving at least £1.0m flexibility above the stated 'usual' minimum of £2m in order to give headroom to allow a controlled adaptation of services to match ongoing financial resources. Based on current projections, the working balance at 31 March 2021 will be £4.1m which is acceptable at this time. In addition there is the availability drawing down other small revenue reserves balances, which could help in a time of transition.

## **16. Monitoring, Delivery and Review**

There are well established processes for the monitoring of budgets which include regular outturn reports to the Performance Scrutiny Panel and Cabinet. For example, Revenue and Capital Plan outturn reports are usually presented to Cabinet in the July following completion of the financial year. No additional monitoring is therefore deemed necessary. As discussed previously however, it is envisaged that there will be increased focus on identifying budget areas that show persistent underspending year on year.